1) CALENDAR ACTION TAKEN

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, NOVEMBER 2, 1994 - 1:00 P.M. ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ABSENT: SUPERVISOR ALIOTO ON ITEMS 3, 10, 13, 14

CLERK: MARY L. RED

1. File 97-94-32. [Budget Review Mission and Goal Statement] Ordinance amending Chapter 3 of the Administrative Code by repealing Section 3.17-1, which requires departmental budget justification, and by adding a new Section 3.17-1 to require each City department and agency to relate its budget review justifications to its mission and goals statement and three-year program priority assessment, and phasing in requirements over three years. (Supervisors Kaufman, Shelley, Migden, Leal, Kennedy, Conroy) (Continued from 10/19)

   ACTION: TABLED at request of Supervisor Kaufman.

2. File 97-94-33. [Mission and Goals Statement] Ordinance amending Administrative Code by adding Section 3.18 to require each City board, commission and department annually to submit to the Mayor a written mission and goals statement which also reports the body's success in meeting those standards during the prior year, to require the Mayor annually to develop a written City mission and goals statement which also reports the City's success in meeting those standards during the prior year and to transmit that and the individual mission and goals statements to the Board of Supervisors; to require each City board, commission and department annually to rank its programs and services in writing from "most essential" to "least essential" on a three-year time horizon, to require the Mayor annually to rank in writing all government programs and services from "most essential" to "least essential" on a three-year time horizon and to present that ranking and the individual rankings to the Board of Supervisors; to require each City board, commission and department annually to present a written three-year budget plan to the Controller, to require the Controller to transmit those three-year budget plans to the Mayor, to require the Mayor to create a written three-year budget plan for the City and to transmit that and the individual three-year budget plans to the Board of Supervisors, and all City boards, commissions and departments to consider their mission and goals statements, three-year program priority assessments and three-year budget plans when composing their budgets for the next fiscal year. (Supervisors Kaufman, Shelley, Migden, Leal, Kennedy, Conroy, Alioto) (Continued from 10/19)

ACTION: Amendment of the Whole (as presented by Supervisor Kaufman) adopted; further amended (see file for details). New title: Ordinance amending Administrative Code by adding Section 3.18 to require each City board, commission and department annually to submit to the Mayor a written mission and goals statement which also reports the body's success in meeting those standards during the prior year, to require the Mayor annually to develop a written City mission and goals statement which also reports the City's success in meeting those standards during the prior year and to transmit that and the individual mission and goals statements to the Board of Supervisors; to require each City board, commission and department annually to rank its programs and services in writing in order of priority, on a three-year time horizon, to require the Mayor annually to rank in writing all government programs and services in order of priority, on a three-year time horizon and to present that ranking and the individual rankings to the Board of Supervisors; to require each City board, commission and department annually to present a written three-year budget plan to the Controller, to require the Controller to transmit those three-year budget plans to the Mayor, to require the Mayor to create a written three-year budget plan for the City and to transmit that and the individual three-year budget plans to the Board of Supervisors, and all City boards, commissions and departments to consider their mission and goals statements, three-year program priority assessments and three-year budget plans when composing their budgets for the next fiscal year. CONSIDERATION CONTINUED TO DECEMBER 7, 1994. Supervisor Alioto added as cosponsor.

3. File 97-94-69. [Library Materials Replacement Fund] Ordinance amending Administrative Code by adding Section 10.117-112 thereto, to create a special fund for the deposit of replacement charges paid by library patrons for lost books and materials. (Public Library)

ACTION: Department withdrew ordinance; TABLED

4. File 101-94-23. [Appropriation & Certification, DPW, $70,585] Ordinance appropriating and certifying $70,585, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203, providing for ratification of action previously taken, for fiscal year 1994-95. RO #94095 (Supervisor Alioto)

ACTION: Amended to delete phrase "providing for ratification of action previously taken." New title: "Ordinance appropriating and certifying $70,585, Department of Public Works, for capital improvement project to cover ten percent overage as per Charter Section 7.203, for fiscal year 1994-95." RECOMMENDED AS AMENDED. Supervisor Alioto added as sponsor.

5. File 101-94-24. [Appropriation, Treasurer/Tax Collector, $108,600] Ordinance appropriating $108,600, Treasurer/Tax Collector, for non-personal services, materials and supplies, equipment and services of other departments for fiscal year 1994-95. RO #94097 (Controller)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

6. File 28-94-14. [Eddy, Ellis, & Larkin Streets Sewer Replacement] Resolution authorizing the Director of the Department of Public Works to take necessary measures to protect the health, welfare and property of the citizens of of San Francisco by performing the necessary work to replace structurally inadequate sewers in Eddy, Ellis, and Larkin Streets in the Civic Center Area – $673,850. (Supervisor Alioto)

   ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

7. File 82-94-8. [Noise Easements Acquisition, San Mateo County] Resolution authorizing the acquisition of thirty-two noise easements in unincorporated San Mateo County as part of the County of San Mateo's Aircraft Noise Insulation Project, Phase I. (Supervisor Alioto)

   ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

8. File 191-94-3. [Transfer to General Fund 1994/95 – $15,000.000] Resolution concurring with the Public Utilities Commission's fact finding that a fund surplus exists in the utilities which can be transferred to the General Fund. (Supervisor Alioto)

   ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

9. File 101-94-25. [Appropriation, Registrar of Voters] Ordinance appropriating $56,343, Registrar of Voters, from the General Fund Reserve, to provide additional election services for fiscal year 1994-95; providing for ratification of action previously taken and subject of previous budgetary denial. (Supervisor Hsieh)

   ACTION: Amended to delete phrase, "subject of previous budgetary denial." New title: "Ordinance appropriating $56,343, Registrar of Voters, from the General Fund Reserve, to provide additional election services for fiscal year 1994-95; providing for ratification of action previously taken." RECOMMENDED AS AMENDED.

10. File 97-94-41.1. [General Assistance Property Level/Income Disregard) Ordinance amending the Administrative Code by amending Sections 20.56.10 and 20.57 relating to General Assistance Allowable personal property and income disregard. (Supervisors Migden, Alioto, Bierman)

   (Transferred from October 25 meeting of Health, Public Safety & Environment Committee due to FISCAL IMPACT)

   ACTION: Consideration continued to November 16, 1994. Supervisor Bierman added as cosponsor. (Supervisor Alioto absent)

11. File 97-94-41.2. [General Assistance, Employer Wage Subsidy] Ordinance amending the Administrative Code by adding Section 20.57.7 to authorize a General Assistance – Employer Wage Subsidy Program. (Supervisors Migden, Hsieh, Alioto, Bierman)

   (Transferred from October 25 meeting of Health, Public Safety & Environment Committee due to FISCAL IMPACT)

   ACTION: Amended on page 3 to prevent jobs of employees who are on strike from being filled by employees of this Program. Same title. RECOMMENDED AS AMENDED to Board November 21. Supervisors Alioto and Bierman added as cosponsors.

12. File 101-90-84.11. [Release reserved funds, Fire Department] Hearing requesting release of reserved funds, Fire Department, in the amount of $35,625, for trial fees incurred by City Attorney's Office and inadvertently charged to the Water Department. (Fire Department)
(Continued from 10/26)

ACTION: Release of reserved funds in the amount of $36,550.32 was approved (see Budget Analyst report for explanation of amount released). FILED.

13. File 69-94-4.01. [Supplemental Appropriation, BOS, $84,000] Ordinance appropriating $84,000, Board of Supervisors, for Mayor's Office to operate Municipal Access TV Channel; rescinding $84,000 in capital project funds from Chief Administrative Officer's Office, for fiscal year 1994-95. RO #94032 (Controller)

ACTION: Consideration continued to November 9, 1994. Supervisor Alioto absent.

14. File 101-94-18. [Appropriation, Sheriff Department] Ordinance appropriating $586,900, Sheriff Department, from the General Fund Reserve for capital improvements to the new Sheriff's facility (City Attorney, Project Management and Construction Management Costs), for fiscal year 1994-1995. (Continued from 10/26)

ACTION: Question divided; Amendment of the Whole appropriating $426,702 (Construction Management Costs) adopted. New title: "Ordinance appropriating $426,702 from the General Fund Reserve for capital improvements to the new Sheriff's facility (construction management costs), for the Sheriff Department for Fiscal Year 1994-95; providing for ratification of action previously taken." CONSIDERATION CONTINUED TO CALL OF THE CHAIR.

File 101-94-18.1. Amendment of the Whole appropriating $152,768 (City Attorney Costs) adopted. New title: "Ordinance appropriating $152,768 from the General Fund Reserve for capital improvements to the new Sheriff's facility (city attorney costs) for the Sheriff Department for Fiscal Year 1994-95; placing $152,768 on reserve; providing for ratification of action previously taken." RECOMMENDED AS AMENDED. Supervisor Alioto absent.

CLOSED SESSION: The Budget Committee found that it is in the best interest of the City not to disclose any information revealed in its closed session deliberations in the proposed item listed above at this time and moved not to disclose any information at this time.

Public Library, Documents Dept.
Attn: Jane Hudson

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CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 MARKET STREET, SUITE 1025
SAN FRANCISCO, CALIFORNIA 94102 · TELEPHONE (415) 554-7642

October 31, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: November 2, 1994 Budget Committee Meeting

Items 1 and 2 - Files 97-94-32 and 97-94-33

Note: These items were continued by the Budget Committee at its meeting of October 19, 1994. As of the writing of this report an Amendment of the Whole is being prepared which would change various dates of submission and funding percentages related to budget submissions. As of the writing of this report the Budget Analyst has not received a final version of the Amendment of the Whole. Therefore, this report is based on the legislation submitted prior to the Amendment of the Whole.

Department: Mayor's Office
Board of Supervisors

Items: 1. Ordinance (File 97-94-32) amending the Administrative Code by amending Section 3.17-1 to require each City department and agency to relate its budget review justifications to (a) its mission and goals statement and (b) its three-year program priority assessment and phasing in such requirements over three years.

2. Ordinance (File 97-94-33) amending the Administrative Code by adding Section 3.18.

Description: In June, 1994, the San Francisco voters approved Proposition G which requires that the City's "line-item" budget be replaced with a "mission-driven" budget. Under Proposition G, each department must spell out its goals and organize its budget according to those goals. For each goal, the

department is required to spell out what it will do to meet that goal, whom it expects to serve and how much it will cost. The budget will also include an evaluation of the department's performance in the year before.

According to Proposition G, each Department shall provide the Mayor and the Board of Supervisors with the following details regarding its budget:

a) the overall mission and goals of the department.

b) the specific programs and activities conducted by the department to accomplish its mission and goals.

c) the customer(s) or client(s) served by the department.

d) the service outcome desired by the customer(s) or client(s) of the department's programs and activities.

e) strategic plans that guide each program or activity.

f) productivity goals that measure progress toward strategic plans.

g) the total cost of carrying out each program or activity.

h) the extent to which the department achieved, exceeded, or failed to meet its missions, goals, productivity objectives, service objectives, strategic plans and spending constraints identified in subsections a through f during the prior year.

The proposed ordinance (File 97-94-32) would also require departments to specifically respond to how the department's proposed budget is consistent with the department's "Three-Year Program Priority Assessment and Mission and Goals Statement." This requirement was not part of Proposition G.

In accordance with Proposition G, the proposed ordinance (File 97-94-32) would be implemented in the following three phases, over three years, with the Mayor to be responsible for identifying one-third of the City's departments which would be required to have a "mission-driven" budget for each of the three years (See Comment #1).

- Phase 1 Departments (beginning for FY 1995-96): Police Department, Fire Department, Sheriff, Public Utilities (Water Department and Hetch-Hetchy), Airport, Superior and Municipal Courts (Trial Courts), Adult Probation,

District Attorney, Public Defender and Redevelopment Agency.

- Phase 2 Departments (beginning for FY 1996-97): Public Health Department, Department of Social Services, Public Transportation, Parking and Traffic, Port, Public Works and the Recreation and Park Department.

- Phase 3 Departments (beginning for FY 1997-98): All other departments not specified as Phase 1 or Phase 2 departments.

In addition to implementing Proposition G, the proposed ordinances (Files 97-94-32 and 97-94-33) would require departments to submit three-year long-range budgetary planning information to the Mayor and the Board of Supervisors, which was not required under proposition G. Specifically, the proposed ordinance (File 97-94-33) would add Section 3.18 of the Administrative Code, requiring the following activities:

1) Each City Department must develop long-term departmental and agency budget planning-setting goals and strategies, including developing an annual mission and goals statement for developing its budget estimate for the next fiscal year, to be submitted to the Mayor no later than January 1. The Mayor would be required to review each department's mission and goals statement, and the Board of Supervisors would consider these mission and goals statements as part of the annual budgetary process. These mission and goals statements also would require departments to submit additional information that has not been required under Proposition G, such as specifying how the department plans to foster its successes and remedy its deficiencies. In addition, the proposed ordinance (File 97-94-33) would require the Mayor to prepare a written statement of the City's missions and goals, which also reports the City's success in meeting those standards. The Board of Supervisors would consider these mission and goals statements, as well as the City's overall mission and goals statement as part of the annual budgetary process.

2) Each City Department would be required to develop a "Three-Year Priority Assessment" of governmental programs and services, by annually evaluating the importance of all programs and services within its jurisdictions, and ranking them in writing from "most essential to least essential". This ranking of all programs

must be submitted to the Mayor by January 1. The Mayor would be required to review each department's priority assessment and report in writing how it conforms or contrasts with the City's budget, and the Board of Supervisors would consider these assessments as part of the annual budgetary process.

3) Each City Department would be required to develop a "Three-Year Budget Plan" that projects revenues and expenditures for the next three years. This three-year plan must be submitted to the Controller no later that January 1. The Controller would consolidate these budget plans and transmit them to the Mayor no later than April 15. The Mayor then would review the budget plans, and report in writing how it conforms or contrasts with the City's budget. The Board of Supervisors would consider these budget plans as part of the annual budgetary process.

Comments:

1. Ms. Teresa Serata of the Mayor's Office has provided the attached copy of a memo from the Mayor which has been transmitted to all departments requesting that the following (Phase 1) departments submit a "mission-driven" budget by February 1, 1995 for FY 1995-96:

District Attorney	Port*
Sheriff	Public Library*
Treasurer/Tax Collector*	Recreation and Park*
Trial Courts	Water Department
Ethics*	Telecommunications*
Mayor*	Community Health*
Commission on Aging*	Laguna Honda*
San Francisco General Hospital*	Municipal Railway*
Police Department	Mental Health*
Purchaser*	Airport

*Although all of these Phase 1 departments are to submit a "mission driven" budget by February 1, 1995, those 14 departments identified with an asterisk have not been listed in the proposed ordinance (File 97-94-32).

In addition, six other departments which have been listed in the proposed ordinance (File 97-94-32) should be deleted from the ordinance because such departments were not designated as Phase 1 departments by the Mayor. The designated departments that should be deleted are the Fire Department, Adult Probation, Juvenile Probation, the Public Defender, the Redevelopment Agency and Hetch Hetchy. Therefore, the proposed ordinance (File 97-94-32) should be amended to

include only those departments (Phase 1) designated by the Mayor as required to comply with Proposition G for FY 1995-96.

2. In addition, Ms. Serata indicates that the Mayor's Office would also assist departments with developing clearly defined mission and goal statements, and is currently developing a method to incorporate these missions and goals into the financial reporting system of the Controller's Office.

3. The Controller has determined that the Charter Amendment (Proposition G) in and of itself should not affect the cost of government. According to Ms. Serata, because the proposed ordinances (Files 97-94-32 and 97-94-33) would also require departments to respond to how their proposed budget is consistent with a "Three-Year Program Priority Assessment" and require developing a "Three-Year Budget Plan" which were not required under Proposition G, there may be some additional time expended or costs incurred for activities at the department level. Mr. John Madden of the Controller's Office also reports that more departmental staff time would have to be spent developing the "Three-Year Program Priority Assessment" and "Three-Year Budget Plan." Such departmental costs, if any, associated with the proposed ordinances (Files 97-94-32 and 97-94-33) have not yet been estimated.

4. The aforementioned memo from the Mayor (Attachment) regarding "mission-driven" budgeting does not request that departments comply with the "Three-Year Program Priority Assessment" or the "Three-Year Budget Plan" As noted, requiring departments to complete a Three-Year Program Priority Assessment and Budget Plan is part of the proposed ordinances (Files 97-94-32 and 97-94-33), but not part of the provisions of Proposition G.

5. Proposition G further states "Within thirty days of the Controller's issuance of the combined annual financial report of the City and County of San Francisco, the Controller shall report to the Mayor and the Board of Supervisors regarding the extent to which each department has succeeded in the prior fiscal year in achieving savings measured by the difference between projected and experienced expenditures and the extent to which each department in the prior fiscal year has recovered additional revenues measured by the difference between projected and experienced revenues. The people of the City and County of San Francisco declare that it shall be City policy to encourage the Mayor and the Board of Supervisors, upon receipt of this report, through the

supplemental appropriation process to give serious consideration to rewarding those departments that the Controller has certified pursuant to this section exceeded their revenue goals or met or exceeded departmental operational goals expending less than had been projected in the budget."

Recommendations: 1. Amend the proposed ordinance (File 97-94-32) to indicate those Phase 1 departments designated by the Mayor, which are required to comply with Proposition G in FY 1995-96 (See Comment #1). Those 14 departments that should be added to the proposed ordinance (File 97-94-32) are as follows:

Treasurer/Tax Collector	Port
Ethics	Public Library
Mayor	Recreation and Park
Commission on Aging	Telecommunications
Municipal Railway	Community Health
Purchaser	Laguna Honda
San Francisco General Hospital	Mental Health

Those six departments that should be deleted from the proposed ordinance (File 97-94-32) because such departments were not designated by the Mayor as Phase 1 departments, are as follows:

Fire Department	Public Defender
Adult Probation	Redevelopment Agency
Juvenile Probation	
Hetch Hetchy	

2. Based on the prior policy decision of the Board of Supervisors and in accordance with approval of Proposition G by the San Francisco electorate, approve those sections of the proposed ordinance (File 97-94-32) consistent with Proposition G, as amended.

3. Approval of the sections of the proposed ordinance (File 97-94-32) requiring departments to submit a "Three-Year Program Priority Assessment" and approval of the proposed ordinance (File 97-94-33) requiring departments to submit additional three-year planning information, provisions which were not requirements of Proposition G, are policy matters for the Board of Supervisors.

Office of the Mayor
San Francisco

FRANK M. JORDAN

September 21, 1994

Department Heads
City and County of San Francisco

Dear Department Heads:

This past June, voters approved Proposition G, the Mission Driven Budgeting Amendment (full text attached). The City charter now requires the Mayor to identify the City departments to begin Mission Driven Budgeting next year. Therefore, this letter is to inform you that I have selected the following departments to begin Mission Driven Budgeting with the FY 1995-96 budget:

(04) District Attorney
(06) Sheriff
(08) Treasurer/Tax Collector
(12) Trial Courts
(18) Ethics
(25) Mayor
(26) Commission on Aging
(27) Airport
(35) Muni
(38) Police
(39) Port
(41) Library
(42) Recreation and Park
(47) Water
(75) Telecommunications
(83) Community Health
(85) Laguna Honda
(86) San Francisco General
(87) Mental Health
(91) Purchaser

Although at minimum one-third of City departments are mandated to implement Mission Driven Budgeting this year, all other departments are invited to participate during the FY 1995-96 budget cycle.

The Mission Driven Budget process represents a singular opportunity to improve San Francisco's budget process. We will shift our focus from the annual incremental change in expenditure line items to the overall mission of the department, the specific programs that enable a department to accomplish its goals, the inputs used to accomplish a program's work program, the outcomes or end results accomplished and the sources of funds used to complete this work.

I believe the requirements of Mission Driven Budgeting will easily fit into the Program Budget format that was prepared by each department for the FY 1994-95 budget. To fully comply with the intent of the new law, the information in the Program Budget will need to be reviewed, refined and improved.

200 CITY HALL, SAN FRANCISCO, CALIFORNIA 94102
(415) 554-6141
RECYCLED PAPER

In my view, four elements of the program budget are critical to the City's successful transition to Mission Driven Budgeting:

- Clear program definition: All departments should review, and as necessary rethink, the appropriate program breakdown of overall functions. Proper program definition in the next few months is critical in order to develop a consistent format with the Controller's new on-line FAMIS accounting system.

- Meaningful performance measures: Numerous and quantifiable performance measures should accurately identify all program outcomes.

- Strategic Plans: A clear strategic plan describing the methods for achieving program goals must be developed.

- Accurate budget numbers: Expenditure, revenue and position figures must accurately reflect each program's components.

I have instructed my budget staff in cooperation with the Controller to work closely with all City Departments to help refine and improve these program budgets.

Every department is invited to send a representative to a planning meeting on Thursday October 13 from 1 - 3 p.m. in room 300, 101 Grove Street. All participating departments are requested to send their Budget Officer to this meeting where we will further detail the process to complete the mission driven budget as well as get each department's ideas and suggestions on its implementation. Individual and group follow-up training sessions will be conducted as required. Please contact your budget analyst directly if you have any questions and to confirm attendance at the planning meeting.

The Mission Driven Budgeting amendment provides a unique opportunity for San Francisco to rethink and reinvent its budget process. I want to thank all of you for your efforts to make it a success.

Sincerely,

Frank M. Jordan
Mayor

cc: Department Budget Officers

FMJ:jm

Item 3 - File 97-94-69

Department: Public Library

Item: Ordinance amending the Administrative Code by adding Section 10.117-112 thereto, to create a special fund for the deposit of replacement charges paid by library patrons for lost books and materials.

Description: Library patrons are currently required to pay on average $30 per item for lost books or other lost materials borrowed from the Public Library. This amount includes the average cost of replacing a book at its current price, plus a $5 surcharge. Currently, the revenues generated from this charge accrue to the General Fund. The Library reports that it currently collects approximately $21,000 per year in replacement charges for lost books.

Mr. Ed McBride of the Public Library reports that there is approximately $960,000 included in the Library's FY 1994-95 for the purchase and replacement of books and other materials. According to Mr. McBride, very little of this $960,000 is actually used to replace lost or stolen books but is instead used to purchase new books and materials in order to keep the Library's collection current. (See Comment No. 1)

Because the replacement charges collected from Library patrons are used to purchase new books rather than to replace lost or stolen books, according to Mr. McBride, Library patrons have complained that the replacement charges paid by them have not been used to replace lost books. According to Mr. McBride, in order to assure the public that the replacement charges collected from them will be used to replace lost books, the proposed ordinance would create a special fund for those replacement charges, the funds from which could only be expended on the replacement of lost or stolen books.

The proposed ordinance would amend the Administrative Code by adding Section 10.117-112, which would establish a special fund known as the "Library Materials Replacement Fund." Under the proposed ordinance, all replacement charges assessed and collected by the Library and paid by Library patrons for lost books and materials would be credited to this Fund. The monies in this Fund would be subject to appropriation approval by the Board of Supervisors as well as prior approval by the Library Commission. The monies would be used solely for the following purposes:

- Replacement of lost or stolen books and materials;

- Acquisition of new books and materials; and

- Defraying the costs incurred in the recovery of lost or stolen books and materials, and in the collection of outstanding replacement charges.

The proposed ordinance would further provide that any unexpended balance remaining in the Library Materials Replacement Fund at the close of any fiscal year would be carried forward and accumulated in the Fund for the previously-cited purposes.

According to Mr. McBride, the entire estimated $21,000 in lost book replacement charges collected annually would be used to replace lost and stolen books and materials.

Comments:

1. According to Mr. McBride, Proposition E, which was passed by the San Francisco electorate in June of 1994, will add approximately $3,540,000 to the Library FY 1994-95 budget for the purchase and replacement of books and other materials, for a total of approximately $4.5 million ($3.54 million plus $960,000) in FY 1994-95.

2. The Public Library's budget for FY 1994-95 is approximately $17.4 million. The proposed special fund would accumulate approximately $21,000 per year, or only about 0.001 percent (one-tenth of one percent) of the Library's FY 1994-95 $17.4 million budget.

3. In the professional judgment of the Budget Analyst, a new Special Fund as is now being requested by the Public Library is neither needed or justified. The Public Library has adequate prior experience related to replacement costs for lost books and other materials and can easily include any such costs in its annual budget request. While this Fund, as well as any other new special funds, which might be requested by the City departments might be desirable for such Departments to have, this proposed Fund is unnecessary.

Recommendation: Disapprove the proposed ordinance.

Item 4 - File 101-94-23

Department: Department of Public Works (DPW)

Item: Supplemental Appropriation Ordinance appropriating and certifying $70,585 for a capital improvement project to pay for 10 percent overage on the project contract budget, pursuant to Charter Section 7.203, and providing for ratification of action previously taken by the Department of Public Works, for FY 1994-95.

Amount: $70,585

Source of Funds: Street Improvement Project Fund (Surface Transportation and Street Improvement Bond funds)

Description: Charter Section 7.203 requires that an expenditure of more than 10 percent above the bid amount of a contract be provided for by a supplemental appropriation. DPW advises that actual contract expenditures for the Harrison Street Pavement Renovation Project total $1,230,831 or $176,062 (16.7 percent) more than the original contract bid amount of $1,054,769. The original project contingency was in the amount of $105,477 (10 percent), bringing the total amount of the project budget to $1,160,246. The DPW now advises that the project will cost an additional $70,585 for a total cost of $1,230,831.

The Harrison Street Pavement Renovation Project, located on Harrison Street between 14th and 23rd Streets, consists of (1) the resurfacing and repairing of pavement, (2) the removal of tracks and (3) the construction of curbs, sidewalks and parking areas.

According to Mr. Joe Ovadia of the DPW, the project cost amount for this project has increased by $70,585 from $1,160,246 to $1,230,831 because the scope of the project was expanded as a result of (1) concerns expressed by business owners in the vicinity of the project and by the Calle 22 Neighborhood Association, a nonprofit agency (see Attachment) and (2) additional work which was required due to unforeseen site conditions. The requested $70,585 would be used to pay for additional expenditures, as follows: (1) $24,947 for additional track removal and sidewalk and street reconstruction, to eliminate unsightly and potentially dangerous conditions, as requested by the Calle 22 Neighborhood Association, (2) $38,145 for additional miscellaneous repair work due to unforeseen site conditions and (3) $7,493 for payment of a labor premium to the contractor to perform some of the project work on the

weekends, due to restrictions set by the business owners located in the vicinity of the project. These restrictions prevented the contractor from performing certain project work on weekdays during business hours.

Comment: The DPW reports that the Harrison Street Pavement Project was completed on March 29, 1994. According to Mr. Ovadia, the contractor has not been paid the additional $70,585 pending the Board of Supervisors approval of the proposed supplemental appropriation. Therefore, retroactive approval of this supplemental appropriation request is not required. As such, the proposed ordinance should be amended to delete reference to authorizing ratification of action previously taken from the title and the body of the proposed legislation.

Recommendations: 1. Amend the proposed ordinance to delete reference to authorizing ratification of action previously taken from the title and the body of the proposed ordinance.

2. Approve the proposed ordinance as amended.

City and County of San Francisco
Bureau of Engineering

Department of Public Works
Project Management Division

Memorandum

Date: October 28, 1994

To: Sandy Brown Richarson
Budget Analyst

From: Joe Ovadia, Project Manager
Bureau Of Engineering

Subj: Supplemental Appropriation Ordinance
File 101-94-24

As you have requested, this memo is to provide explanation for the $24,947 additional work for the track removal and sidewalk and street reconstruction in the vicinity of the project.

The scope of work of this project included the resurfacing of Harrison Street from 14th to 23rd Streets and consisted of removal of abandoned railroad tracks construction of concrete base repairs, constructing curbs and sidewalks, and parking areas.

During the construction phase of the work, we received correspondence from the Calle 22 Neighborhood Association expressing concerns that the tracks on Treat Street between 22nd and 23rd Sts. pose a real hazard for the elderly and cause a pedestrian impediment (see attached correspondence). The location of the tracks is one block away from the Harrison Street Project.

We have inspected the location and determined that it caused hazardous condition. We negotiated with the contractor and included the removal of tracks on Treat as a change order.

Should you need additional information, please call me at 554-8250.

Post-it™ brand fax transmittal memo 7671	# of pages ▸
To Sandy Brown Richarson	From Joe Ovadia
Co. Budget Analyst	Co. BOE
Dept.	Phone #
Fax # 252-0461	Fax # 554-8243

RECEIVED CITY ENGINEER 93 NOV 1 PM DEPT. OF PUBLIC WORKS

BUREAU OF STREET ENVIRONMENTAL SERVICES Nov 10 10 44 AM '93

Calle 22

a Forum for Community Planning and Action

2934 - 22nd Street. San Francisco, CA 94110

November 3, 1993

misdirected

John Rombanius, Director
Department of Public Works
City & County of San Francisco
2323 Army Street
San Francisco, CA. 94117

DDE-051

REPLY No Later Than 11-29-93

RECEIVED '93 NOV 10 PM 3:45 DEPT. PUBLIC WORKS DIRECTOR'S OFFICE

Dear Director Rombanius:

Calle 22 would like an update from you, or your staff, on the status of the railroad track removal along Harrison Street. We heard that a removal project is in the planning phase and we would simply like to know the schedule.

The tracks, as you are well aware of during your recent community tour of the area, are a real pedestrian impediment, especially when the tracks leave the middle of the street and cross through various sidewalk areas. The areas of particular concern are:

- Adjacent (North) to the Mission Recreation Center on Harrison, between 20th & 21st Streets.

- 22nd & Harrison Street, where the tracks enter an enclosed yard area.

- 23rd & Treat Streets, on both sides of the street, where the tracks leave the enclosed yard area and enter into a future open space park.

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We recognize that Southern Pacific has a lot of responsibility in this track removal and that dealing with them is not an easy task. (We have experience in this matter). However, we would like to see some progress in this area and are willing to assist you in this process. Please let us know if we can help.

Sincerely,

David Oceguedа Bracker, President
693-5870 work
826-2547 home/voice mail

DOB:fal

Item 5 - File 101-94-24

Department: Tax Collector's Office

Item: Supplemental Appropriation Ordinance appropriating $108,600 for non-personal services, materials and supplies, equipment and services of other departments for the Business Tax Penalty Amnesty Program.

Amount: $108,600

Source of Funds: Employers Payroll Tax

Description: The Business Tax Penalty Amnesty Program was approved by the Board of Supervisors in September of 1994 (File 127-93-17). Under the Business Tax Penalty Amnesty Program, tax penalties (currently ranging from a $100 for failure to obtain a Business Tax Registration Certificate, to 10 percent of the amount of underpayment on any business tax return filed, to 25 percent of estimated underpayments for businesses that do not file returns) will be waived. However, the delinquent tax itself, as well as interest on such unpaid taxes computed at the rate of one percent per month, will still be due and payable to the City.

The Business Tax Penalty Amnesty Program was established to encourage all firms doing business in San Francisco, which are delinquent in their Payroll and Gross Receipts Taxes owed to the City, to pay their delinquent taxes and/or to obtain their Business Tax Registration Certificate, as required under the Municipal Code.

For businesses that meet eligibility requirements as defined in the ordinance, the following amnesty provisions apply:

- The Tax Collector will waive all penalties owed for failure to pay any annual Business Tax Registration fees or for failure to file a tax return.
- The Tax Collector will waive all penalties owed for delinquent Payroll or business (Gross Receipts) taxes owed under the provisions of the Municipal Code.
- No proceeding to suspend or revoke a Business Tax Registration Certificate will be initiated.
- No civil or criminal action will be brought against the taxpayer, for any tax period for which tax penalty amnesty is applied, based upon the non-reporting or under-reporting

of tax liabilities or the non-payment of any taxes owed under the provisions of the Municipal Code.

The Amnesty Program applies to annual Business Tax Registration fees, Payroll Tax liabilities and Gross Receipts Tax liabilities for tax periods ending on or before December 31, 1993.

Under the Business Tax Penalty Amnesty Program, any business which is required to obtain a Business Tax Registration Certificate under the Municipal Code and is delinquent in its Payroll and/or Gross Receipts Taxes owed to the City, may file an application for a waiver of tax penalties on its delinquent Payroll and/or Gross Receipts Taxes owed to the City. Their applications must be submitted to the City between December 1, 1994 and January 31, 1995. Such businesses must:

- File completed tax returns for all periods for which the business has not previously filed a tax return or file amended tax returns for all tax periods for which the business under-reported taxes owed; and

- Pay the City in full for the taxes and interest due.

As an incentive to take advantage of the Business Tax Penalty Amnesty Program, if the delinquent taxes are not paid by February 1, 1995, the Business Tax Penalty Amnesty Program also provides for higher penalties for outstanding delinquencies, beginning on February 1, 1995 (after the Amnesty Program ends) in the following amounts:

	Current Penalty	Penalty as of 2/1/95
For unpaid or underpaid taxes	10% of unpaid amount	20% of unpaid amount
For unpaid taxes past-due for over 90 days	none	additional 20% of unpaid amount
For failure to return or failure to respond to a request for financial information	$100	$500
Non-payment, underpayment, failure to file due to fraud or intent to evade	25% of tax due	50% of tax due

The Tax Collector's Office advises that a team of eight existing staff, including four auditors and four account clerks, or the equivalent of one FTE auditor and one FTE account clerk, will be used to process the amnesty requests over a three-month period, beginning December 1, 1994 and ending February 28, 1995.

The Business Tax Penalty Amnesty ordinance requires the Tax Collector to "publicize the amnesty program . . . and notify taxpayers about the program and about the new and increased penalties." Therefore, the Tax Collector's Office is now requesting a supplemental appropriation in the amount of $108,600 to carry out the advertisement component of the amnesty program. Mr. Sullivan, the Tax Collector, states that the Amnesty Program will apply to an estimated 28,000 businesses which are delinquent in their taxes owed to the City. The 28,000 figure excludes unregistered businesses (See Comment).

Budget:

Advertising — $75,000

This would provide funds for the advertisement of the Amnesty Program details, including the dates of the filing period. This estimate is based on information provided by the City of Los Angeles, which conducted a similar Business Tax Penalty Amnesty Program in 1985.[1] According to Mr. Pat Sha of the Tax Collector's Office, the $75,000 figure is based on Los Angeles' actual advertising expenditures of approximately $47,000, multiplied by a factor of approximately 1.6 to account for inflation. The $75,000 includes funds for newspaper, television and radio advertising.

Materials and Supplies — 10,000

This amount would be used to purchase the raw materials to be used in compiling approximately 50,000 packets, at an estimated cost of $0.20 per packet. These packets would contain information on and application materials for the Business Tax Penalty Amnesty Program. Such raw materials and supplies would include paper, envelopes, address labels, computer supplies and general office supplies. Approximately 30,000 of these packets

[1] According to Mr. Sha, although the City of Los Angeles contains a larger number of businesses than San Francisco, the tax revenues generated by Los Angeles businesses are only slightly higher than the tax revenues generated by San Francisco businesses. As such, Mr. Sha advises that Los Angeles is similar enough to San Francisco to be used in estimating the potential advertising costs for San Francisco's Business Tax Penalty Amnesty Program.

would be mailed to businesses with delinquent taxes or to other businesses upon request. The remaining 20,000 packets would be distributed at libraries, post offices and other locations.

<u>Reproduction</u> This amount would pay for the printing of the materials to be included in each packet, estimated at $0.18 per packet for 50,000 packets. Such materials would include a flyer containing background information on the Business Tax Penalty Amnesty Program, a letter addressed to the business, an application and a statement containing information on that business's delinquent taxes.	$9,000
<u>Mailing Services</u> This amount would provide funds for the mailing of approximately 30,000 packets by City Mail Services, at an estimated bulk rate unit cost of $0.287 per packet.	8,600
<u>High-Speed Laser Printer</u> The Tax Collector's Office advises that a high-speed laser printer would be needed to print payment stubs after receiving the business's payment of delinquent taxes, as well as other computer-generated forms. According to Mr. Sha, the printer that the Office currently uses would not be able to handle the high volume of material that needs to be printed over the duration of the Amnesty Program in addition to that which would normally need to be printed.	3,000
<u>Telephone System</u> This amount would provide funds to rent a digital automated telephone system for three months to handle the high volume of telephone calls expected for this Program. A digital automated telephone system would allow businesses calling the Program telephone number to choose from several options on their touch-tone phones. The $3,000 would provide between five and ten telephone lines, depending on the cost per phone line, which is estimated to be between $100 and $200 per month.	3,000
Total Supplemental Appropriation Request	$108,600

Comment: As previously noted, Mr. Sullivan estimates that there are presently 28,000 delinquent accounts that are eligible for the Business Tax Penalty Amnesty Program. As of June 30, 1994, according to Mr. Sullivan, a total of over $12.9 million of outstanding delinquent taxes was identified. Mr. Sullivan notes that these amounts reflect accumulated taxes from over several years. Mr. Sullivan further reports that the $12.9 million does not include any unregistered businesses or businesses that have failed to file. According to Mr. Sullivan, the number of unregistered businesses and the taxes they owe is difficult to determine. The number of businesses that have failed to file is estimated at 14,734, based on the number of notices mailed to businesses in July of 1994, according to Mr. Sullivan.

Recommendation: Based on the prior policy decision of the Board of Supervisors to establish the Business Tax Penalty Amnesty Program, approve the proposed supplemental appropriation ordinance.

Item 6 - File 28-94-14

Department: Department of Public Works

Item: Resolution authorizing the Director of the Department of Public Works (DPW) to take necessary measures to protect the health, welfare and property of the citizens of San Francisco by performing the necessary work to replace structurally inadequate sewers in Eddy, Ellis, and Larkin Streets in the Civic Center Area.

Amount: $673,850

Sources of Funds: Repair and Replacement Fund, financed by Sewer Service Charges

Description: 1. The DPW reports that sections of the sewer in Eddy, Ellis and Larkin Streets in the Civic Center Area were found to be structurally inadequate and that the City Engineer was notified on July 7, 1994, of the need to replace the sewer pipes. On that date, the DPW declared a Class "B" emergency for such replacement work. On September 19, 1994, the Bureau of Street and Sewer Repair (BSSR) of the DPW discovered that the side wall of one section of the sewer at the intersection of Larkin and Turk Streets had collapsed. The BSSR requested the City Engineer to upgrade the status of the Larkin and Turk Street sewer to a Class "A" emergency[1] in order to repair the collapsed sewer. On September 30, 1994, the DPW declared the collapsed sewer wall a formal Class "A" emergency.

2. In accordance with Section 6.30 of the Administrative Code, the DPW initiated an expedited contracting procedure in order to retain a contractor to repair the collapsed wall immediately and then replace the sewer pipes. Mr. Hugh Havlik, Contract Administrator of the DPW, states that, in the interest of time and efficiency, the DPW sought one contractor to complete both the emergency repair work and the sewer replacement work.

3. The contract was bid on September 27, 1994, and was awarded to the lowest bidder, Harty Pipelines, Inc., which bid $673,850 on the contract to both complete emergency repairs at the intersection of Larkin and Turk Streets, and

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[1] According to the DPW, a Class "A" emergency is designated when the public health and welfare is threatened and immediate action is required. A Class "B" emergency is designated when there is no imminent danger but where failure to correct the problem would result in a Class "A" emergency.

to install 1,740 feet of sewer replacement pipes for sewers under Larkin, Eddy, and Ellis Streets. Harty Pipelines, Inc., is not a WBE or MBE firm.

4. On October 5, 1994, the DPW issued notice to proceed on the emergency repair work at the intersection of Larkin and Turk Streets, and the contractor began repairing the collapsed sewer on that date. The emergency repair of the sewer wall was completed on October 7, 1994.

5. The DPW advises that the sewer pipe replacement work is scheduled to begin on November 14, 1994, when the contractor expects to receive the new sewer pipe from the manufacturer. The replacement is expected to be completed by February 1, 1995.

6. The DPW advises that funds are available from the Repair and Replacement Fund, which is financed from Sewer Service Charges. According to Robert Hesse of the DPW's Financial Management and Administration Division, these funds were allocated to the Repair and Replacement Fund in the DPW's FY 1994-95 budget for the purpose of emergency repair and replacement work.

Recommendation: Approve the proposed resolution.

Memo to Budget Committee
November 2, 1994 Budget Committee Meeting

Item 7 - File 82-94-8

Department: Real Estate Department
Airports Commission

Item: Resolution authorizing the acquisition of 32 noise easements in the unincorporated area of San Mateo County as a part of the County of San Mateo's Aircraft Noise Insulation Project, Phase I.

Amount: $139,448.67

Description: The proposed resolution would authorize the City's Director of Property to purchase, on behalf of the City, 32 noise easements from property owners near the San Francisco International Airport in the unincorporated area of San Mateo County.

This purchase is part of the Airports Commission's ongoing Noise Easement Acquisition Program. This program consists of insulating private residences and schools in cities located near the Airport in order to; 1) reduce the noise impact from aircraft operations at the Airport and, 2) comply with Federal and State airport noise regulations and mitigation requirements.

Once purchased, the easements would remain in effect for 20 years. The City's cost to acquire the easements is $139,448.67 or 20 percent of the total project cost of $697,243.35 to acoustically insulate the buildings, and pay escrow and title insurance fees to attach the easements to the property titles. The County of San Mateo, which is the lead agency in this noise reduction project, will pay the remaining $557,794.68 or 80 percent of the project cost using funds granted by the Federal Aviation Administration (FAA) for this purpose.

Acquisition of these easements constitutes Phase I of two Phases in the San Mateo County Project. According to Mr. Marvin Ellis of the Airport, Phase II will involve acquiring an additional 25 easements at a cost of approximately $250,000, bringing the total number of easements to be acquired by the City in the unincorporated area of San Mateo County to 57.

Comments: 1. As noted above, the cost to the City of acquiring these noise easements is $139,448.67. Mr. Ellis reports that these funds were previously appropriated in the Fiscal Year 1991-92 budget for the Airport's Noise Easement Acquisition Program.

2. The City Attorney's Office has previously reported that the purchase of noise easements enables the City to comply with

State legal requirements and should result in eliminating costs to defend against noise-related small claims lawsuits.

Recommendation: Approve the proposed resolution.

Item 8 - File 191-94-3

Department: Public Utilities Commission (PUC)

Item: Resolution concurring with the Public Utilities Commission's findings that a surplus exists in the Hetch Hetchy Operating Fund which can be transferred to the City's General Fund.

Amount: $15,000,000

Description: 1. Pursuant to Charter Section 6.407 the PUC, with the concurrence of two-thirds of the Board of Supervisors, may authorize the transfer of any portion of a utilities' surplus funds to the General Fund upon making stipulated findings of fact and judgment. The PUC passed a resolution on July 26, 1994 which made the following findings:

a. That a surplus exists or is projected to exist after funding the operating and capital budgets of Hetch Hetchy.

b. That there is no unfunded Hetch Hetchy operating or capital program that by its lack of funding could jeopardize health, safety, water supply or power generation.

c. That there is no reasonably foreseeable operating contingency that cannot be funded without a General Fund subsidy.

d. That such a transfer of funds in all other respects reflects prudent utility practice.

2. The PUC's preliminary Fiscal Year 1994-95 budget included a $10,551,037 transfer from the Hetch Hetchy Operating Fund surplus to the City's General Fund. This transfer amount of $10,551,037 remained after the establishment of a Hetch Hetchy Reserve Fund ($14,631,532 or 25% of fiscal year 1993-94 operating expenditures of $58,526,128). In the final Fiscal Year 1994-95 Annual Appropriation Ordinance (AAO) the Mayor and the Board of Supervisors approved an increase in the Hetch Hetchy surplus transfer by $15,000,000 from $10,551,037 to $25,551,037.

The additional $15,000,000 was available for transfer as follows:

- The projected surplus as of June 30, 1994 was $1.9 million more than had been estimated due to power purchase

expenditures of less than anticipated and power sales of more than had been estimated for fiscal year 1993-94.

• The projected budget surplus as of June 30, 1995 was also increased by $4.4 million due to updated revenue and expenditure estimates. These revised estimates make a total of $6.3 million ($1.9 million plus $4.4 million) in additional funds available for transfer to the General Fund. This $6.3 million could be transferred to the General Fund without the findings in 1a. to 1d. above.

• The PUC also recommended to further increase the transfer from the Hetch Hetchy Operating Fund by an additional $8.7 million which increased the total transfer by $15,000,000 ($6.3 million plus $8.7 million) from $10,551,037 to $25,551,037. In addition to approval in the AAO, the PUC's findings in points 1a. to 1b. above and the concurrence of such findings by the Board of Supervisors are required in order to finalize this additional transfer of $8.7 million. Based on the revised revenue and expenditure estimates, the Hetch Hetchy Reserve Fund had been set at $13.9 million or 25% of the prior year's actual operating and capital expenditures of $55.5 million. This additional transfer of $8.7 million would further reduce the estimated unappropriated surplus of Hetch Hetchy Operating Fund from $13.9 million to $5.2 million or approximately 9.3% of the prior year's actual operating and capital expenditures of $55.5 million.

Comments:

1. Approval of Proposition M by the voters in November 1993 created the new Transportation Commission. In addition, Proposition M amended Charter Section 6.407 to change the requirements relating to the transfer of surplus funds from the Hetch Hetchy Operating Fund to the General Fund. Prior to the passage of Proposition M, only surplus funds exceeding 25% of the prior operating and capital expenditures could be transferred. Charter Section 6.407, as amended by Proposition M, now allows the PUC, with the concurrence of two-thirds of the Members of the Board of Supervisors, to transfer any portion of a utility's surplus funds to the General Fund if such transfer is considered to reflect prudent utility practice.

2. The City's Fiscal Year 1994-95 budget and Annual Appropriation Ordinance, as previously approved by the Mayor and Board of Supervisors, already includes the additional $15,000,000 transfer from Hetch Hetchy to the City's General Fund, which is the subject of this proposed resolution. Therefore, this proposed resolution has no

additional fiscal impact and does not add to the current balance of the City's General Fund Reserve which is estimated at $5,654,851, as of October 26, 1994.

Recommendation: Approve the proposed resolution.

Item 9 - File 101-94-25

Department: Registrar of Voters

Item: Ordinance appropriating $56,343, Registrar of Voters, from the General Fund Reserve, for additional election activities. and providing for ratification of actions previously taken and subject of previous budgetary denial.

Amount: $56,343

Source of Funds: General Fund Reserve

Description: This proposed ordinance would appropriate $56,343 from the General Fund Reserve for additional election services for the November 8, 1994, general election. According to Ms. Germaine Wong, Registrar of Voters, the Registrar was required to pay for additional expenses that were not anticipated at the time the 1994-95 budget was prepared. The amount originally requested by the Registrar from the Mayor was $81,843 and was attributable to an increase in expenditures for the following additional items:

1. The voter phamplet is 50 pages longer than originally estimated.

2. Voter registration drives resulted in a doubling of the number of voter registration forms received in the last month before the close of registration (October 11).

3. Requests for absentee ballots are running at least 30% higher than expected.

4. One State-wide initiative petition relating to mobile homes required verification of every signature instead of the verification of a statistical sample of signatures because the sample's allowable margin-of-error threshhold was exceeded.

5. The Early Voting Pilot Project was not anticipated at the time the budget was prepared. The Project provides for ten additional polling places which are being operated from 9:00 am to 6:00pm on October 25-26th and November 5-6th.

The amounts originally requested by the Registrar and approved by the Mayor's Office are:

Expenditure	Dept. Request	Mayor Approved
Temporary Salaries	$21,500	$ 0
Overtime	16,000	12,000
Other Non-personal Services	44,343	44,343
Total	$81,843	$56,343

Mr. Derek Chu of the Mayor's Office reports that based on his analysis of pre-election support spending, the Registrar's Office should have sufficient funding to complete the November 1994 election without expending an additional $21,500 for temporary salaries. However, additional amounts of $12,000 for overtime costs and $44,343 for increased costs for printing and postage were approved by the Mayor's Office.

Comments:

1. Approximately half the cost of absentee voting, including the Early Voting Pilot Project, will be reimbursed through State-mandated reimbursement for absentee voting. These revenues will not be realized until the end of the next fiscal year and, accordingly, are not incorporated in this legislation.

2. Because these requested expenditures have already been incurred, the ordinance would ratify action previously taken.

3. As noted above, the proposed legislation states that the requested $56,343 was the subject of previous budgetary denial. According to Susan Andrus of the Controller's Special Projects Office, that statement is incorrect. As such, the proposed legislation should be amended to delete reference to previous budgetary denial in the title and in the body of the legislation.

4. The basis of the $12,000 request for overtime expenses, as estimated by the Registrar, is as follows:

Classification	Hours	Rate	Total
1402 Junior Clerk	336	$16.09	$5,406
1403 Election Clerk	168	$13.03	2,189
1404 Clerk	416	$11.79	4,904
Total	920		$12,499

The total for overtime is $12,499. The total approved is $12,000. According to Greg Ridenour of the Registrar's Office the department will be able to absorb the additional $499 in expenditures within their existing budget.

5. The basis of the $44,343 request for Other-Non-personal Services, as estimated by the Registrar, is as follows:

Expenditure	Amount
Printing additional ballots	$ 2,742
Printing additional absentee booklets	9,121
Postage for additional absentee ballots	4,550
Printing additional Voter Information Pamphlets	17,080
Postage for additional Voter Information Pamphlets	10,850
Total	**$44,343**

6. Based on the explanations provided by the Registrar's Office, this request from the Registrar of Voters appears reasonable. However, since some of these expenditures will not have been incurred until election day, and since more current verifiable year-to-date expenditure data from the Controller's Office will not be available until after the November 8, 1994 election, the Department should submit a report to the Budget Committee documenting the applicable expenditures incurred compared with the amounts appropriated.

Recommendation: 1. Amend the title and the body of the proposed legislation by deleting the reference to previous budgetary denial.

2. Request the Registrar of Voters to submit an expenditure report to the Budget Committee documenting the actual expenditures incurred, compared with the amounts appropriated, following the November 8, 1994 election.

Item 10 - File 97-94-41.1

Note: This item was transferred from October 25 meeting of Health,Public Safety & Environment Committee due to Fiscal Impact.

Department: Department of Social Services (DSS)

Item: Draft ordinance amending Administrative Code by amending Sections 20.56.10 and 20.57, relating to General Assistance allowable personal property and relating to the Income Disregard Program.

Description: Section 20.56.10 of the Administrative Code, entitled Allowable Personal Property, currently provides that any person who has cash in excess of the current monthly General Assistance (GA) grant for a single individual of $345 is ineligible to apply for General Assistance. Furthermore, for any person who has cash of less than $345, the entire amount of such cash is entirely offset against the current monthly GA grant of $345. However, if a portion of those cash assets are in a savings and/or checking account, up to $25 of that amount in the savings and/or checking account is exempted from being used to offset the GA grant. For example, under current legislation, a person who has $25 in a savings account can still receive the maximum GA grant of $345, since none of that $25 is used to offset the GA grant. However, if a GA recipient has $300 in cash, none of which is contained in a savings or checking account, the entire amount of $300 must be used to offset the GA grant, so that the person would be eligible to receive only $45 ($345 less $300) for one month of GA aid. However, if $25 of that $300 in cash were in a savings account, the person would be eligible to receive a GA grant of $70, which is equivalent to the maximum GA grant of $345 less $275 ($300 in total cash less $25 in savings).

The proposed ordinance would amend Section 20.56.10 to allow a person applying for GA to have up to $345 in cash, savings or in a checking account without any of that amount being used to offset the monthly GA grant of $345. In addition, the proposed amendment would provide that any amount in cash, savings or in a checking account in excess of $345 would be used to offset the monthly GA grant on a dollar-for-dollar basis. For example, under the proposed legislation, if a person had $300, regardless of how much of that $300 was in cash, savings or in a checking account, none of that $300 would be applied to offset the monthly GA grant of $345. As such, a single individual would be eligible to

receive the maximum GA grant of $345. However, if that person had $600 in cash, savings or in a checking account, he or she would still be eligible to receive a GA grant, but $255 (the amount in excess of $345) of that $600 would be offset against the GA grant, so that the person could only receive $90 of GA aid for that month.

According to the Department of Social Services (DSS), the proposed legislation would (1) increase the pool of eligible GA participants because persons with more than $345 in liquid assets would become eligible to apply for GA; and (2) increase the average length of time that a person would receive GA payments, since a person with cash assets of more than $345 would be eligible to apply for GA aid sooner and would not necessarily stop receiving GA aid earlier, and clients who already receive GA payments and who would otherwise be discontinued for assets in excess of $345 might remain on GA aid for a longer period of time.

According to Mr. Antoine Moore of DSS, DSS estimates that this proposed amendment pertaining to the personal property limit would increase the cost of the GA Program by approximately $69,000 annually.

Section 20.57 (b) of the Administrative Code requires GA recipients to complete either 20 verifiable job applications per month and/or participate in Department-approved job counseling, vocational rehabilitation, drug or alcohol treatment or a work assignment program in order to continue receiving GA payments. The proposed ordinance would amend Section 20.57 (b) to clarify the definition of verifiable job applications by specifically defining the completion of verifiable job applications as (1) sending resumes and cover letters to apply for positions for which the recipient meets the minimum qualifications; (2) cold-calling prospective employers followed by the sending of a resume and cover letter; and (3) participation in union hiring hall programs that make use of telephone job searches.

Section 20.57 (h) of the Administrative Code established the Income Disregard Program in order to provide a work incentive for GA recipients. The Income Disregard Program operates by disregarding a certain amount of an employed GA recipient's monthly gross income when determining the recipient's GA continuing eligibility and grant amount. As such, a GA recipient is permitted to earn income and still receive a partial GA grant.

Presently, a person can receive up to $610 per month in gross income and still receive a grant. Under the Income Disregard Program, DSS disregards up to $270 of the person's monthly gross income in determining the amount of the recipient's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income is offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a single individual recipient earning $610 per month would be equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($610 less $270). Therefore, $345 less $340 equals a monthly GA grant of $5, as reflected in the table below.

(1) Gross Monthly Salary	(2) Income Disregard	(3) Amount Offsetting GA Grant (Col. 1 - Col. 2)	(4) Maximum GA Grant ($345 - Col. 3)
$100	$100	$0	$345
200	167	33	312
300	217	83	262
400	250	150	195
500	270	230	115
610	270	340	5

The proposed ordinance would amend Section 20.57 (h) of the Administrative Code to increase the income disregard limit from a maximum of $270 to a maximum of $454. Thus, DSS would disregard up to $454 of a single individual recipient's monthly gross income in determining the amount of the person's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income would then be offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a person earning $794 per month would be $5, which is equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($794 less $454). Therefore, under existing legislation, a single individual recipient can earn up to $610 per month and still receive a GA grant, but under the proposed legislation, a person could earn up to $794 per month and still receive a GA grant, as shown in the table below.

(1) Gross Monthly Salary	(2) Income Disregard	(3) Amount Offsetting GA Grant (Col. 1 - Col. 2)	(4) Maximum GA Grant ($345 - Col. 3)
$200	$200	$0	$345
350	300	50	295
500	375	125	220
650	425	225	120
794	454	340	5
800	455	345	0

According to Mr. Moore, the proposed legislation that would increase the income disregard limit from $270 to $454 could potentially generate savings for the City, but only if the proposed legislation leads to an increase in the average monthly earnings of an employed GA recipient and to an increase in the number of GA recipients participating in the Income Disregard Program for the following reasons: (1) as the average monthly income increases, the average GA grant should decline since the GA grant would be offset by the GA recipient's higher monthly earnings, and (2) if the number of GA recipients participating in the Income Disregard Program increases, a larger percentage of the total GA caseload would likely receive less than the maximum GA grant of $345 per month.

Mr. Moore advises that the average monthly income of Income Disregard Program participants is $244 per month. Mr. Moore estimates that (1) the average monthly income would have to increase by at least $118 from the current average monthly income of $244, which would result in an average GA grant reduction of at least $33 from the current average monthly GA grant of $290 for Income Disregard Program participants, and (2) the number of GA recipients participating in the Income Disregard Program would have to increase by at least 846 from the current participation rate of 564, for the City to realize savings in the GA Program. However, Mr. Moore advises that there is presently no way of knowing whether the proposed increase in the income disregard limit would have these two effects.

If these two effects are not achieved, Mr. Moore advises that the increased income disregard limit would most likely increase the cost of General Assistance because, at each level of earnings, a greater amount of the person's income could be disregarded and less of the person's income would be used to

offset the GA grant, thereby resulting in an increase the average grant amount. The table below illustrates, for a single individual recipient, the potential costs to the City of increasing the income disregard limit.

Gross Monthly Salary	Maximum GA Grant Under Current Legislation	Maximum GA Grant Under Proposed Legislation	Increase in Cost to City Per Single Individual Recipient Per Month
$100	$345	$345	$0
200	312	345	33
300	262	312	50
350	229	295	66
400	195	270	75
500	115	220	105
610	5	147	142
650	0	120	120
794	0	5	5
800	0	0	0

Mr. Moore advises that of the approximately 564 current GA recipients participating in the Income Disregard Program per month, approximately 376 persons do not receive a full GA grant. The average gross income for these 376 GA recipients is approximately $300 per month. As such, the potential cost to the City of amending Section 20.57 (h) of the Administrative Code to increase the income disregard limit is approximately $18,800 per month (376 participants x a potential cost per month, per participant of $50, as reflected in the table above), or $225,600 annually.

In addition, DSS advises that the pool of eligible Income Disregard Program participants would most likely increase as a result of the increased income disregard limit. This increase would occur because, under existing legislation, a person would be ineligible to receive a grant if his or her gross earnings exceeded $610 per month, whereas under the proposed legislation, a person earning up to $794 per month would still be eligible to receive a GA grant.

In addition, under the existing legislation, up to $1,500 in savings derived from the gross earnings of an employed GA recipient may be disregarded during the GA recipient's participation in the Income Disregard Program and for up to three months after the GA recipient's participation in the

Program, if the GA recipient becomes unemployed. The proposed legislation would amend this provision by increasing the amount of savings which can be disregarded when determining the GA recipient's continuing eligibility and grant amount from $1,500 to $2,000.

According to Mr. Moore, this proposed amendment would likely increase the City's costs of the GA Program by increasing the average length of time that a person would receive GA payments. However, as of the writing of this report, Mr. Moore was unable to estimate the amount of the potential additional costs to the City as a result of this provision.

In summary, according to DSS estimates at this time, the potential additional costs of the proposed ordinance to the City are $294,600 per year ($69,000 in potential additional costs by increasing the personal property limit plus $225,600 in potential additional costs by increasing the income disregard limit).

Comments:

1. According to Ms. Sally Kipper of DSS, DSS supports the proposed amendment to clarify the definition of a verifiable job search application. In addition, regarding the proposed amendment to increase the personal property limit, Ms. Kipper advises that DSS supports an increase to $100 as the amount of liquid assets that would be exempted from being used to offset the monthly GA grant, but does not support the proposed increase to $345, which would likely increase the costs of the GA Program.

Furthermore, regarding the proposed increase in the income disregard limit, Ms. Kipper advises that DSS does support the concept of creating incentives to obtain permanent employment and to exit public aid, but that the existing Income Disregard Program already costs the City $400,000 annually.

2. According to an analysis completed by St. Anthony's Foundation, the proposed amendment pertaining to the personal property limit would generate net savings to the City of approximately $138,000 in the first year, as the result of a reduction in the GA caseload and administrative costs. In addition, the report by St. Anthony's Foundation estimated that the proposed increase in the income disregard limit would generate first-year savings to the City of $237,023 by (a) increasing Income Disregard participation; (b) increasing the number of GA recipients who report income

to DSS; and (c) increasing the average income of Income Disregard participants. Thus, St. Anthony's Foundation estimates an overall savings to the City of $375,023 in the first year as a result of the proposed ordinance.

3. As previously noted, St. Anthony's Foundation estimates that the City would realize a savings of $375,023 in the first year as a result of the proposed ordinance. However, as noted above, DSS believes that the proposed ordinance could result in potential additional costs to the City of $294,600 annually. DSS further believes that the proposed increase in the income disregard limit could result in a savings to the City if it leads to an increase in (a) the average monthly earnings of an employed GA recipient, and (b) the number of GA recipients participating in the Income Disregard Program. Whether or not the proposed increase in the income disregard limit would have these two effects is uncertain at this time.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 11 - File 97-94-41.2

Note: This item was transferred from October 25 meeting of Health,Public Safety & Environment Committee due to Fiscal Impact.

Department: Department of Social Services (DSS)

Item: Ordinance amending the Administrative Code by adding Section 20.57.7 to authorize the General Assistance (GA) Employer Wage Subsidy Program.

Description: In order to promote the permanent employment of General Assistance (GA) recipients and their permanent exit from public aid, the proposed ordinance would amend the Administrative Code to add Section 20.57.7, which would authorize the Department of Social Services (DSS) to establish the GA Employer Wage Subsidy Program. Under this Program, the employer of a GA recipient who is (1) employed as a result of the proposed Wage Subsidy Program, (2) employed for at least 26 weeks and (3) earning a minimum of $800 per month in gross income could receive a wage subsidy from the City from monies appropriated for the General Assistance Program. The amount of the wage subsidy would be equivalent to 14 percent of the employee's gross salary for the first 26 weeks (six months) of employment. The first subsidy payment by the City to the employer of the GA recipient would be made after the first 13 consecutive weeks of employment, and the second subsidy payment would be made after the second 13 consecutive weeks of employment.

Under the proposed General Assistance Employer Wage Subsidy Program, DSS would coordinate with community agencies to seek permanent employment for GA recipients who participate in the General Assistance Training and Employment Services (GATES) Program. The GATES Program provides job counseling, job search, case management, education, vocational and on-the-job training, appraisal and assessment services to employable GA recipients. Under the proposed GA Employer Wage Subsidy Program, DSS would seek permanent employment for GATES clients as opposed to unemployable GA recipients since GATES clients have undergone a screening process in order to assure that they are employable and job-ready.

DSS advises that it expects to place approximately 100 GA recipients per year in permanent positions through the GA Employer Wage Subsidy Program. Based on DSS's past

experience with the GATES Program, DSS estimates that the average gross earnings for a GA recipient participating in the Wage Subsidy Program would be approximately $1,300 per month ($15,600 annually), or a total of $7,800 for six months. Under the proposed GA Employer Wage Subsidy Program, the City would pay a wage subsidy amounting to $1,092 (14 percent of $7,800) to the employer of a GA recipient.

The maximum grant for a GA recipient who is single is presently $345 per month. According to DSS, the average GATES client spends approximately 18 months receiving GA aid before becoming employed. Of those 18 months on aid, between four and five months are spent in the GATES Program. The total cost of GA payments for those 18 months is $6,210 ($345 x 18 months). Mr. Antoine Moore of DSS advises that if the proposed GA Employer Wage Subsidy Program does not reduce the length of time that the average client receives GA aid, the Program could then increase the City's cost of the General Assistance Program by the $1,092 amount paid as a wage subsidy to the employer, or from $6,210, the regular cost of the GA Program, to $7,302 per client ($6,210 plus $1,092 paid to the employer). For the estimated 100 GA clients participating in the Wage Subsidy Program per year, the potential additional cost of this proposed legislation to the City could average $109,200 per year ($1,092 per client x 100 clients per year), based on an average salary of GATES clients of $1,300 per month.

DSS estimates that this proposed ordinance would most likely reduce the average length of time that a person receives GA aid, but that it is not possible at this time to estimate the amount of this reduction. According to Mr. Moore, if the proposed GA Employer Wage Subsidy Program results in a reduction of four months (i.e., from 18 months to 14 months), the City would realize a savings in the GA Program. For example, if a GA client becomes employed through the Wage Subsidy Program after 14 months of receiving GA, the City would pay $4,830 in GA payments ($345 x 14 months) to the GA recipient, plus a wage subsidy of $1,092 (14 percent of the GA client's average earnings of $7,800 for the first 26 weeks or six months of employment) to the employer of the GA recipient, for a total cost of $5,922. If that GA recipient had received GA payments for the entire 18-month period, the total cost to the City would have been $6,210, as previously noted. Thus, the potential savings would be $288 per client ($6,210 less $5,922) if the proposed GA Employer Wage Subsidy Program reduces the average length of time that a client spends on GA aid by four months.

For the estimated 100 GA clients participating in the Wage Subsidy Program per year, the potential savings of the proposed legislation could be $28,800 per year ($288 per client x 100 clients per year).

Attached is a table provided by DSS which shows the City's potential average expenditure per client for GA payments and the estimated cost of the wage subsidy, based on the client's length of time on GA aid and on the monthly salary of the client.

According to Mr. Moore, DSS estimates that if the proposed GA Employer Wage Subsidy Program enabled a relatively higher percentage of GA recipients to obtain permanent employment, thereby reducing the GA caseload, the City could realize savings in the GA Program in excess of the above-noted $28,800 annually. However, as of the writing of this report, DSS was unable to provide an estimate of such additional potential savings.

Comment: Ms. Sally Kipper of DSS advises that DSS supports the proposed GA Employer Wage Subsidy Program not only because of the potential reduced costs to the City but also because this Program would create permanent exits from public aid for GA recipients.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

INCENTIVE RATE CHART

Monthly Salary	Wage Subsidy Payment	Average Expend. Per Client *	Average Expend. + wage sub.	Expend. leaving 1 mo early	Expend. leaving 2 mo.'s early	Expend. leaving 3 mo.'s early	Expend. leaving 4 mo.'s early	Expend. leaving 5 mo.'s early
$823	$692	$6,210	$6,902	$6,557	$6,212	$5,867	$5,522	$5,177
867	728	6,210	$6,938	$6,593	$6,248	$5,903	$5,558	$5,213
910	764	6,210	$6,974	$6,629	$6,284	$5,939	$5,594	$5,249
953	800	6,210	$7,010	$6,665	$6,320	$5,975	$5,630	$5,285
997	838	6,210	$7,048	$6,703	$6,358	$6,013	$5,668	$5,323
1,040	874	6,210	$7,084	$6,739	$6,394	$6,049	$5,704	$5,359
$1,083	$910	$6,210	$7,120	$6,775	$6,430	$6,085	$5,740	$5,395
1,127	946	6,210	$7,156	$6,811	$6,466	$6,121	$5,776	$5,431
1,170	982	6,210	$7,192	$6,847	$6,502	$6,157	$5,812	$5,467
1,213	1,020	6,210	$7,230	$6,885	$6,540	$6,195	$5,850	$5,505
1,257	1,056	6,210	$7,266	$6,921	$6,576	$6,231	$5,886	$5,541
1,300	1,092	6,210	$7,302	$6,957	$6,612	$6,267	$5,922	$5,577
1,343	1,128	6,210	$7,338	$6,993	$6,648	$6,303	$5,958	$5,613
1,387	1,164	6,210	$7,374	$7,029	$6,684	$6,339	$5,994	$5,649
$1,430	$1,202	$6,210	$7,412	$7,067	$6,722	$6,377	$6,032	$5,687
1,473	1,238	6,210	$7,448	$7,103	$6,758	$6,413	$6,068	$5,723
1,517	1,274	6,210	$7,484	$7,139	$6,794	$6,449	$6,104	$5,759
1,560	1,310	6,210	$7,520	$7,175	$6,830	$6,485	$6,140	$5,795
1,603	1,346	6,210	$7,556	$7,211	$6,866	$6,521	$6,176	$5,831
1,647	1,384	6,210	$7,594	$7,249	$6,904	$6,559	$6,214	$5,869
1,690	1,420	6,210	$7,630	$7,285	$6,940	$6,595	$6,250	$5,905
$1,733	$1,456	$6,210	$7,666	$7,321	$6,976	$6,631	$6,286	$5,941
1,777	1,492	6,210	$7,702	$7,357	$7,012	$6,667	$6,322	$5,977
1,820	1,528	6,210	$7,738	$7,393	$7,048	$6,703	$6,358	$6,013
1,863	1,566	6,210	$7,776	$7,431	$7,086	$6,741	$6,396	$6,051
1,907	1,602	6,210	$7,812	$7,467	$7,122	$6,777	$6,432	$6,087
1,950	1,638	6,210	$7,848	$7,503	$7,158	$6,813	$6,468	$6,123
1,993	1,674	6,210	$7,884	$7,539	$7,194	$6,849	$6,504	$6,159

* The average case life of a client in the GATES program is 18 months on aid.
18 * $345 (maximum monthly grant) = $6,210

Item 12 - File 101-90-84.11

Note: This item was continued by the Budget Committee at its meeting of October 36, 1994.

Departments:	Fire Department Water Department City Attorney
Item:	Release of reserved funds, in the amount of $35,625 for trial fees incurred by the City Attorney's Office for work performed for the Fire Department.
Amount:	$35,625
Source of Funds:	1986 Fire Protection System Improvement Bonds

Description:

In November of 1986, San Francisco voters approved the issuance of $46.2 million in Fire Protection System Improvement Bonds to finance improvements to the City's Auxiliary Water Supply System (AWSS). The City sold $31 million of these bonds in 1987 and the $15.2 million balance ($46.2 less $31 million) in 1991. In April 1991, the Board of Supervisors appropriated the $15.2 million proceeds from the second sale of bonds, but reserved $13,506,943 that was budgeted for a variety of construction projects, pending specific information concerning the amount of the construction contracts, selection of the contractors and the MBE/WBE status of the contractors.

The Department of Public Works (DPW) entered into a contract with Interlane General Engineering, Inc./P & J Utilities, a joint venture for the installation of AWSS hydrants and valves on Seventh Avenue, Laguna Honda Blvd. and Claremont Blvd., from Irving Street to Ulloa Street. The DPW advises that following the completion of the project, Interlane General Engineering, Inc./P & J Utilities sued the City for increased costs in labor and equipment, relating to delays in the start-up and completion of the project. The City Attorney's Office defended this lawsuit.

Mr. David Norman, Deputy City Attorney, advises that the above-noted lawsuit was recently tried in Superior Court and the Court found in favor of the City. Mr. Norman states that the City Attorney's Office, has incurred $36,550.32 in litigation expenses (see Attachment prepared by the City Attorney's Office) in connection with this lawsuit and not $35,625 as is being requested at this time. Further, according to Mr. Norman, the City Attorney's Office erroneously billed

the Water Department for the costs of this litigation instead of billing the Fire Department. Mr. Norman advised that the Water Department then paid the City Attorney's Office $21,361.36 of the $36,550.32 bill.

The Fire Department is proposing to use the reserved funds (a) to reimburse the Water Department for the $21,361.36, which the Water Department paid to the City Attorney on the basis of the erroneous billing and (b) to pay the City Attorney's Office the $15,188.96 balance ($36,550.32 less $21,361.36).

Comments: 1. As noted above, the City Attorney has incurred a total of $36,550.32 not $35,625 in litigation expenses. As such, the Fire Department is requesting that a total of $36,550.32 be released from reserve instead of $35,625.

2. Mr. Norman advises that the subject litigation expenses are related to the above-noted AWSS project and, as such, can legally be paid for by bond funds.

Recommendation: Release $36,550.32 in reserved funds.

City and County of San Francisco: Office of City Attorne

Attachment

Louise H. Renne,
City Attorney

P&J/Interlane v CCSF (944-654):

Costs billed to PUCSFWD through 06/30/94:

Attorney time	304.6 hours	$ 21,254.01
Out of pocket costs		$ 107.35
Owed to PUCSFWD		$ 21,361.36

Costs incurred Fiscal Year 1994-1995

Attorney time	95.2 hours	$ 6,466.46
Out of pocket costs owed		$ 8,722.50
		$ 15,188.96

Total:	$ 36,550.32

Item 13 - File 69-94-4.1

Departments: Mayor's Office
Chief Administrative Officer (CAO)
Board of Supervisors

Item: Supplemental Appropriation reappropriating $84,000 from the Capital Improvement Project, Disabled Access Modification account of the CAO to the Board of Supervisors for the Mayor's Office to pay for the operation of the Municipal Access Channel.

Amount: $84,000

Source of Funds: General Fund - Capital Improvement Project, Disabled Access Modification funds, Office of the CAO

Description: The proposed supplemental appropriation ordinance would reappropriate $84,000 in the CAO's Capital Improvement Project Disabled Access Modification account to be used to pay for the operation of the Municipal Access Channel.

As noted above, the source of funds for this request is the Capital Improvement Project, Disabled Access Modification account which is used to pay for capital improvements to improve disability access to City-owned buildings. Mr. Steve Nelson of the Office of the CAO advises that the CAO would be reimbursed the $84,000 for the Disabled Access Modification account by the Mayor's Office of Community Development (MOCD), from monies earmarked for disability access purposes in the Community Development Block Grant (CDBG) Program.

Under the City's Franchise Agreement with Viacom Cablevision of San Francisco, Viacom is required to provide one channel each for public, educational and government (municipal) access. The Cable TV Access Development and Program Fund consists of .2 percent of the 5 percent total franchise fees paid to the City by Viacom (the remaining 4.8 percent of the franchise fees accrues to the General Fund). The monies in the Cable TV Access Development and Program Fund for FY 1994-95 are allocated equally between (1) a professional services contract aimed at promoting and encouraging the use of Public Access Cable television channels ($50,000), (2) contract services which assist in the operation of the Educational Access cable channel of the City College of San Francisco ($50,000) and (3) the Municipal Access Channel ($50,000).

The Municipal Access Channel, which began operation in June of 1993, is included in the budget of the Board of Supervisors under the Cable TV Access Development and Program Fund, and, as noted above, is budgeted in the amount of $50,000 for FY 1994-95.

The Municipal Access Channel provides coverage of the Board of Supervisors meetings and public service announcements from various City departments including the Department of Public Health, Police Department, Office of Emergency Services, the Public Library and the Academy of Sciences. Additionally, the Municipal Access Channel provides notices of upcoming City agency and committee meetings and an interactive computer system (Response TV) which the public can access with their touch-tone phone. This interactive system contains data on almost all City departments, agencies and organizations. Cable subscribers can bring up data on their television set ranging from a phone directory of City departments to volunteer programs at the Animal Care and Control Center.

Comments:

1. Mr. John Taylor, Clerk of the Board, advises that funds currently budgeted for the Municipal Access Channel are work-ordered to the Mayor's Criminal Justice Council (MCJC). The MCJC, in turn, pays for the operation of the Municipal Access Channel. However, with respect to the subject request of $84,000, Mr. Taylor suggests that the proposed legislation be amended to delete reference to the Mayor's Office from the title of the proposed legislation.

2. Mr. Zane Blaney, Channel Manager of the Municipal Access Channel has requested that this item be continued to the Budget Committee meeting on November 9, 1994, in order to allow the Municipal Access Channel additional time to provide specific budget details with respect to (1) its current FY 1994-95 budget of $50,000, (2) the requested supplemental appropriation amount of $84,000 and (3) its projected budget for FY 1994-95 of approximately $347,000.

Recommendations:

1. Amend the proposed ordinance to delete reference to the Mayor's Office from the title of the legislation

2. Continue the proposed ordinance to the Budget Committee meeting of November 9, 1994 as requested by Mr. Blaney of the Municipal Access Channel.

Memo to Budget Committee
November 2, 1994

Item 14 - File 101-94-18

Note: This Item was continued by the Budget Committee at its meeting of October 26, 1994 for purposes of having the Budget Committee discuss this matter in closed session.

Department: Sheriff's Department

Item: Supplemental appropriation ordinance appropriating $586,900 from the General Fund Reserve for capital improvements to the Sheriff's New Jail Facility.

Amount: $586,900

Source of Funds: General Fund Reserve

Description: Pursuant to a consent decree regarding the overcrowding of prisoners at Jail No. 1, a New Jail Facility is being constructed behind the Hall of Justice. The new jail will have a capacity of 440 inmates and will include new intake/booking/release, work furlough and medical/psychiatric facilities. The current budget for the New Jail Facility is $55.1 million and is funded by a $33.7 million grant from the State Board of Corrections, $16.5 million in 1990 General Obligation Bond funds approved by the voters in 1990, $1.4 million in bond interest income and a $3.5 million supplemental appropriation of General Fund monies approved in December of 1993.

The construction of the new jail facility was originally scheduled to be completed by June of 1993 but experienced cost overruns and time delays. In November of 1993, the Sheriff's Department requested a supplemental appropriation to address these cost overruns, which were associated with change orders and additional project costs resulting from an extended completion date. The supplemental budget request of $3.5 million in General Fund monies was based on Department of Public Works (DPW) estimates of the additional required "hard" costs to complete construction, and additional required "soft" costs, such as project management and other professional services, through the then revised expected date of completion of July 31, 1994.

Since the approval of the previously-cited supplemental appropriation ordinance, the construction contractor, Green International, has again revised the expected completion date to November 18, 1994. In addition, DPW reports that, as a result of the change orders, the construction contractor has stated that it intends to file a claim against the City in the amount of approximately $15 million.

According to Lieutenant Michael LaVigne, Capital Projects Manager for the Sheriff's Department, it appears that DPW's previous estimates of hard costs were accurate and would also have been accurate for soft costs if the contractor had completed the project by July 31, 1994. Lieutenant LaVigne reports that there are presently sufficient funds available to cover the hard costs until the current expected completion date of November 18, 1994. However, DPW advises that there is not sufficient funding to cover the soft costs for the period from July 31, 1994 through November 18, 1994.

DPW has informed Green International, the construction contractor, that the City intends to assess liquidated damages of $10,000 per day for every day that the project completion is delayed. However, these funds would not be available until after the completion of the project and would depend on the resolution of the contractor's pending claim. According to Lieutenant LaVigne, although the Sheriff's Department anticipates that it will start accepting inmates at the New Jail Facility on December 3, 1994, additional costs are expected to be incurred through December 31, 1994 for administration, site clean-up and the City Attorney's costs to defend against the construction contractor's pending claim against the City.

DPW advises that the City needs to fund the soft costs until the project is completed and to defend itself against the contractor's pending claim. As such, the Sheriff's Department is requesting a supplemental appropriation of General Fund monies in the amount of $586,900 for the costs of the City Attorney's Office, DPW Project Management and the construction manager, VANIR Construction, for the period retroactive from July 31, 1994 through December 31, 1994. An explanation of these costs follows:

<u>City Attorney's Office</u> $340,000

This estimate includes allocations for legal experts' preliminary analyses, document review and organization and the City Attorney's time incurred in the preparation of the City's planned claim against the project architect and the City's defense against the anticipated claim from the construction contractor. The $340,000 allocates $119,000, or approximately 1,253 hours at an average hourly rate of approximately $95, for services of the City Attorney's Office, and $221,000 for outside consulting services. Mr. George Wong of the City Attorney's Office advises that the consultants have not yet been selected (See Comment No. 2). A breakdown of the $340,000 cost is as follows:

City Attorney:	
General Analysis and Preliminary Litigation Cost	$36,500
Copying of job documents	40,000
Review of job documents	17,000
Copying of contractor documents	12,750
Review of contractor documents	12,750
Subtotal - City Attorney	$119,000
Consultants:	
Scheduling Consultant	$59,500
Fire/Life Safety Consultant	34,000
Security Systems Consultant	29,750
Labor Efficiency Consultant	38,250
Architectural Consultant	29,750
Accountant	29,750
Subtotal - Consultants	$221,000
Total	$340,000

Department of Public Works $57,500

This would provide funding for the salaries, fringe benefits and overhead of one full-time project manager ($43,556, or $4,007 per pay period x 10.87 pay periods), one quarter-time architect ($9,876, or $908.56 per pay period x 10.87 pay periods) and one part-time secretary ($4,068, or $374.24 per pay period x 10.87 pay periods) for the five-month period from July 31, 1994 through December 31, 1994. These three positions are currently working and the $57,500 would reimburse the DPW for its costs from July 31, 1994 through approximately December 1, 1994.

Construction Manager - Vanir CM $376,672

The construction manager, Vanir CM, has proposed to provide construction management services until December 31, 1994 and claims defense assistance, at a total estimated cost of $376,672. Attached is the consultant's breakdown of the estimated cost.

Total Estimated Cost	$774,172
Less Available Funding from Previously Appropriated Grant and Bond Funds	($187,232)
Total Estimated Cost Less Available Funding	$586,940
Total Supplemental Appropriation Request, rounded to present need (subject of this report)	$586,900

BOARD OF SUPERVISORS
BUDGET ANALYST

The budgeted shortfall to complete the New Jail Facility, retroactive from July 31, 1994 through December 31, 1994, is as follows:

	Current Budget	Actual Expenditures 7/1/91 - 9/15/94	Projected Expenditures 9/16/94 - 12/31/94	Projected Shortfall
Consultants:				
Architectural and Engineering	$4,200,752	$4,200,652	$100	$0
Geological Technician Services	180,439	176,835	3,604	0
Traffic Consultant	52,190	52,190	0	0
Construction Management - Vanir Construction	2,733,514	2,849,930	260,256	(376,672)
DPW:				
Project Management	784,976	770,693	64,313	(50,030)
Bureau of Architecture Inspection	320,042	320,042	0	0
Bureau of Engineering Survey	31,200	21,250	9,950	0
Bureau of Building Repair	22,184	0	22,184	0
City Attorney	30,000	0	340,000	(310,000)
Water Department Work Order	24,000	24,000	0	0
Construction Contract	45,134,173	45,004,290	1,112,710	(982,827)
Contingencies (Change Orders)	982,827	0	0	982,827
Art Enrichment	223,394	164,863	58,531	0
Parking Lot Relocation	110,996	110,996	0	0
Other (Asbestos Abatement and Permits)	143,906	101,108	42,798	0
Project Reserve	157,232	0	0	157,232
Total	$55,131,825	$53,796,849	$1,914,446	($579,470)
Supplemental Appropriation Request				586,900
Recommended Reduction				$7,430

Comments:

1. Based on the actual and projected expenditures through December 31, 1994 as reflected in the table above, the supplemental appropriation request should be reduced by $7,430, from $586,900 to $579,470.

2. As previously noted, the City Attorney's Office has not yet selected the consultants for the preliminary review of the City's claim against the project architect and defense against the anticipated claim by the construction contractor. As such, $221,000 should be placed on reserve, pending the selection of consultants and the submission of estimated hours and hourly rates.

3. Lieutenant LaVigne advises that expenditures have been incurred against the proposed supplemental appropriation since July 31, 1994. As such, the proposed ordinance should be amended to provide for ratification of action previously taken.

4. Mr. Wong of the City Attorney's Office advises that the $340,000 budgeted for services of the City Attorney's Office, which would provide funding to prepare a claim against the project architect and to defend against the anticipated claim by the construction contractor, is a preliminary estimate. Mr. Wong further advises that, if the City receives the type and extent of claim that is expected, significantly more funding would be needed to continue and conclude litigation in this matter. Mr. Wong reports that the cost of such additional services cannot be estimated at this time.

5. Because of the lack of space in the City's existing jails, the City has been paying Alameda County approximately $500,000 per month to house inmates in Alameda County's jails.

Recommendations: 1. Amend the proposed supplemental appropriation ordinance by providing for ratification of action previously taken.

2. Amend the proposed ordinance by reducing the supplemental appropriation request by $7,430, from $586,900 to $579,470.

3. Place $221,000 on reserve, pending the selection of consultants by the City Attorney's Office, the MBE/WBE status of the consultants and the submission of estimated hours and hourly rates.

4. Approval of the supplemental appropriation ordinance, as amended, is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

CITY AND COUNTY OF SAN FRANCISCO
NEW SHERIFF'S FACILITY - 5206A
RESOURCE UTILIZATION PLA 22JUL94
VCM JOB # P-229

Attachment

							1995	
POSITION	RATE	AUG	SEP	OCT	NOV	DEC	JAN	TOTALS
P-I-C	$142							
HOURS		8	8	8	8	8		$5,680
PROJECT MANAGER	$97							
HOURS		120	120	120	120	80		$54,320
ON-SITE PRJ DIR	$104							
HOURS		80	80	80	80	80		$41,600
PRJ CONTROL/FE	$85							
HOURS		168	168	168	168	168		$71,400
PROJ EXPEDITOR	$66							
HOURS		96	96	96	96	96		$31,680
PUNCH LIST COOR	$85							
HOURS		40	40	48	48	0		$14,960
SCHEDULER	$78							
HOURS		96	96	80	80	48		$31,200
ESTIMATOR	$92							
HOURS		54	54	54	54	54		$24,840
PRJ SECRETARY	$39							
HOURS		24	32	32	80	80		$9,672
SUBTOTAL CONSTRUCTION PHASE SERVICES								
ESTIMATED HOURS (VCM)		550	558	542	590	518		
AMOUNT		$58,504	$58,816	$58,248	$60,120	$49,664		SUBTOTAL $285,352
REIMBURSABLE EXPENSES								
OFFICE EQUIPMENT		$818	$818	$818	$818	$818		
DIRECT EXPENSES		$2,833	$2,833	$5,388	$3,833	$3,833		
OVERHEAD @ 10%		$365	$365	$621	$465	$465		
SUBTOTAL REIMBURSABLES		$4,016	$4,016	$6,827	$5,116	$5,116		SUBTOTAL $25,091
MBE/WBE SUBCONSULTANTS								
FIELD SEC'Y (LUSTER)	$34							
HOURS		168	168	168	168	168		
AMOUNT		$5,712	$5,712	$5,712	$5,712	$5,712		
TESTING/SPECIAL INSPECTION								
BUDGET AMOUNT		$7,912	$7,912	$7,912	$7,912	$0		
OVERHEAD @ 10%		$1,362	$1,362	$1,362	$1,362	$571		
SUBTOTAL MBE/WBE		$14,986	$14,986	$14,986	$14,986	$6,283		SUBTOTAL $66,229
TOTAL MONTHLY FEES		$77,507	$77,819	$80,061	$80,223	$61,063		TOTAL $376,672

VANIR CM

CALENDAR .. ACTION TAKEN

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, NOVEMBER 9, 1994 - 1:00 P.M. ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ABSENT: SUPERVISOR ALIOTO FOR ITEMS 1-4

CLERK: MARY L. RED

1. File 101-94-2.6. [Amendment, Annual Appropriation Ordinance 1994-95] Ordinance amending the administrative provisions of the 1994-95 Annual Appropriation Ordinance by adding Section 23.1 whereby a percentage of cost savings or previously unrecognized revenues realized by contract services is appropriated to the extent necessary to pay contract amount due; companion measure to File 172-94-40. (Department of Public Health)

   ACTION: Consideration continued to November 30. (Supervisor Alioto absent)

2. File 172-94-40. [Contract, DPH-Deloitte & Touche] Resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Deloitte & Touche to provide operational and financial consulting services; companion measure to File 101-94-2.6. (Department of Public Health)

   ACTION: Consideration continued to November 30. (Supervisor Alioto absent)

3. File 101-94-27. [Appropriation, CAO, $291,500] Ordinance appropriating $291,500, Chief Administrative Officer's Office, of solid waste impound account funds for a Recycling Theft Prevention and Enforcement Program Project for fiscal year 1994-95. RO #94054 (Supervisor Alioto)

   ACTION: Hearing held. RECOMMENDED. Supervisor Alioto added as sponsor. (Supervisor Alioto absent)

4. File 101-94-28. [Appropriation, Dept of Public Works, $300,000] Ordinance appropriating and rescinding $300,000, Department of Public Works, capital projects transferring monies from North Point Treatment Plan Project to Bay Area/San Joaquin Valley Water Reuse Project for fiscal year 1994-95. RO #94099 (Supervisor Alioto)

   ACTION: Consideration continued to November 16. Supervisor Alioto added as sponsor. (Supervisor Alioto absent)

5. File 69-94-4.01. [Supplemental Appropriation, BOS, $84,000] Ordinance appropriating $84,000, Board of Supervisors, for Mayor's Office to operate Municipal Access TV Channel; rescinding $84,000 in capital project funds from Chief Administrative Officer's Office, for fiscal year 1994-95. RO #94032 (Supervisor Alioto)
(Continued from 11/2)

ACTION: Amended to delete reference to Mayor's Office in title. New title: "Ordinance appropriating $84,000, Board of Supervisors, to operate Municipal Access TV Channel; rescinding $84,000 in capital project funds from Chief Administrative Officer's Office, for fiscal year 1994-95." RECOMMENDED AS AMENDED. Supervisor Alioto added as sponsor.

6. File 91-94-1.1. [Environmental Findings, Yerba Buena Project] Resolution adopting environmental findings and statement of overriding considerations pursuant to the California Environmental Quality Act and State guidelines in connection with the ordinance adopting the proposed amendment to the Redevelopment Plan for the Yerba Buena Center Redevelopment Project Area; companion measure to File 91-94-1. (Supervisors Alioto, Hsieh)

Transferred from Housing & Land Use Committee meeting of November 3, due to FISCAL IMPACT

ACTION: Hearing held. RECOMMENDED. (Supervisors Alioto and Hsieh added as sponsors)

7. File 91-94-1. [Yerba Buena Center Redevelopment Plan, Amendments] Ordinance amending Ordinance No. 98-66, as amended by Ordinance Nos. 201-71, 393-73, 386-76, 367-77, 420-79, 538-81 and 477-86, approving the redevelopment plan for the Yerba Buena Center Redevelopment Project Area, by amending said plan in order to (1) make the redevelopment plan congruent, where appropriate, with the goals, policies, and land use designations of those portions of the City Planning Code that shape development in areas adjacent to the Yerba Buena Center Redevelopment Project Area; (2) extend the time for eminent domain proceedings to acquire property within the project area, from December 1, 1998 to May 1, 2006; (3) increase the amount of tax increment dollars which may be allocated to the agency pursuant to Section 33670 of the California Health and Safety Code from $372.9 million to $600 Million; (4) amend the provision for the establishment or incurrence of debt to be repaid from the allocation of taxes pursuant to Section 33670 by the agency from April 25, 2006 to January 1, 2004; (5) amend the duration of the redevelopment plan including the provisions of other documents formulated pursuant thereto from April 5, 2006 to January 1, 2009; and (6) establish January 1, 2019 as the time limit for the Agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency; companion measure to File 91-94-1.1. (Supervisors Alioto, Hsieh)

Transferred from Housing & Land Use Committee meeting of November 3, due to FISCAL IMPACT

ACTION: Hearing held. RECOMMENDED. Supervisors Alioto, Hsieh added as sponsors.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 MARKET STREET, SUITE 1025
SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

November 7, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: November 9, 1994 Budget Committee Meeting

Items 1 and 2 - Files 101-94-2.6 and 172-94-40

Department: Department of Public Health (DPH)

Items: File 172-94-40 is a resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Deloitte & Touche to provide operational and financial consulting services.

File 101-94-2.6 is a companion ordinance amending the administrative provisions of the 1994-95 Annual Appropriation Ordinance by adding Section 23.1, appropriating to contractors a percentage of cost savings or new revenues realized (contingency payments) as a direct result of contracted services previously authorized by the Board of Supervisors, in cases (such as the contract proposed in File 172-94-40) when the terms of the contract provide for such contingency payments.

Amount: Compensation (contingency payments) under the proposed consulting contract with Deloitte & Touche (File 172-94-40) would be based on a percentage of enhanced revenues and cost savings accruing to the DPH in operational areas where Deloitte & Touche recommendations are implemented by the DPH.

Term: From date of approval of the proposed contract through June 30, 1998, (approximately 3.5 years).

Description: The proposed contract with Deloitte & Touche (File 172-94-40) would involve management consulting services, which according to Ms. Monique Zmuda, Acting Budget Director of the DPH, would assist the DPH, including San Francisco General Hospital, Laguna Honda Hospital, Community Public Health Services and Community Mental Health and Substance Abuse Services, in identifying areas of improvement to position the DPH competitively in a managed care environment.

Managed care is the general term for what Health Maintenance Organizations (HMOs) provide, namely coordinated health care services that emphasize prevention. Starting in March, 1995, the State plans to contract with the counties for managed care on a capitated basis per Medi-Cal client, at a set dollar amount per client, per month. Capitation puts DPH at increased risk because DPH will have to agree to accept responsibility for providing services in exchange for a set payment, regardless of the amount of services that may be provided to its clients. In order to provide cost effective health care services under the State's managed care system, the DPH is reevaluating its administrative and operating functions with the goal of streamlining processes, reducing duplication and creating an integrated delivery system for services and operations.

For the past year, DPH administrators have conducted internal analyses of the organizational structure and service delivery processes, the results of which were reflected in FY 1994-95 budget reductions. In addition to these internal efforts, during the Fall of 1993 the Mayor's Office requested that the firm of Deloitte & Touche conduct a pro bono diagnostic analysis of the potential for revenue enhancement at the DPH. This analysis indicated that the DPH could increase its revenues through changes in its claiming practices to third party payers. Also, the analysis indicated that the DPH must increase its productivity in order to compete in a competitive market for Medi-Cal clients. Ms. Zmuda advises that based on the areas identified in that analysis, as well as on needs for analysis identified by DPH staff, the DPH issued a Request for Proposals (RFP) to provide operational and financial consulting services in January of 1994.

Ms. Zmuda states that, because DPH administrators did not want to reduce direct services in order to fund the consulting services, the RFP specified that the consulting services would be compensated on a contingency basis. As such, according to Ms. Zmuda, the DPH would not be at risk for payment for consulting services if a net financial benefit is not realized. A total of three proposals were received, one of which was found to be non-responsive. The two remaining proposals were from Deloitte & Touche and Carlson Price Fass & Co. Ms. Zmuda reports that the Deloitte & Touche proposal was selected on the basis of a rating process in which proposed contingency fees, scope of work, recent relevant experience, professional background and the quality of past projects were rated by a DPH screening panel. DPH Contract Compliance Officer Hope Kamimoto reports that Deloitte & Touche received a total score of 78, and Carlson Price Fass & Co. received a total score of 56.1. Ms. Kamimoto states that, because of the nearly 22 point differential in ratings of the two written proposals, the DPH selected Deloitte & Touche without conducting interviews.

The Statement of Work attached to the proposed contract states that major areas of analysis would include: (1) short- and long-term revenue enhancement initiatives; (2) benchmarking of DPH performance relative to similar facilities, and productivity analyses; (3) analysis of the current University of California/San Francisco General Hospital Affiliation agreement; (4) strategic and organizational analyses, including a department-wide strategic plan; and (5) audit functions as requested by the DPH related to internal DPH functions, existing DPH contracts and new analyses of contracting-out potential.

Budget:

Since the proposed contract would be conducted for a contingency fee, Deloitte & Touche has not submitted a budget to the DPH. The proposed contract would provide for monthly compensation of Deloitte & Touche based on a percentage of savings or enhanced revenues received by DPH as a result of implementation of Deloitte & Touche recommendations. The average contingency payment would be 20 percent of monthly combined savings and new revenues attributable to Deloitte & Touche.

According to the draft contract, the DPH would negotiate and sign written Baseline Agreements for each project area with Deloitte & Touche regarding the documentation and methodology to be followed in determining enhanced revenues or cost savings. The Director of the DPH would,

under the proposed contract, be authorized to execute these Baseline Agreements on behalf of the City. Project areas are not currently listed or defined in the proposed contract. Although specific methodology is not detailed for calculating the Baseline Agreements, the proposed contract states that most cost and revenue baselines would be calculated based on DPH activity over the twelve months prior to involvement of the contractor.

Ms. Zmuda advises that the DPH intends to state in the Baseline Agreements that Deloitte & Touche would receive contingency payments in each project area for the twelve month period following implementation of Deloitte & Touche recommendations in that project area. The Budget Analyst believes that the contract language should be revised to define when a recommendation or set of recommendations would be deemed to have been implemented, and to clearly specify in the contract itself the twelve-month limit on contingency payments for each particular project area. Furthermore, the Budget Analyst suggests that the DPH include a cap on total payments to Deloitte & Touche under the proposed contract. Finally, the Budget Analyst suggests that the proposed contract specify that the Baseline Agreements to be signed by the DPH be subject to review and approval by the Controller.

Comments:

1. Ms. Zmuda advises that the DPH would like the Budget Committee to continue the proposed ordinance (File 101-94-2.6) and the proposed resolution (File 172-94-40) to the November 23 meeting of the Budget Committee so that the DPH can meet with the Controller and the City Attorney's Office to finalize the proposed contract.

Recommendation:

Continue the proposed ordinance (File 101-94-2.6) and the proposed resolution (File 172-94-40) to the November 23, 1994 meeting of the Budget Committee so that the DPH can clarify the provisions of the proposed contract related to contingency payments by the City to the Contractor.

Item 3 - File 101-94-27

Department:	Chief Administrative Officer (CAO)
Item:	Ordinance appropriating $291,500, Chief Administrative Officer, for a Recycling Theft Prevention and Enforcement Program.
Amount:	$291,500
Source of Funds:	Solid Waste Impound Account

Description:

This supplemental appropriation would fund a new Recycling Theft Prevention and Enforcement Program conducted by the CAO's Office of Solid Waste Management in conjunction with the Police Department. The program would attempt to decrease theft from recycling bins by conducting a public outreach campaign and increasing police patrols and enforcement during the nighttime hours when most recycling thefts occur.

The requested funding for this program is available from the Solid Waste Impound Account, which as of November 7, 1994, has a balance of $294,000 for the Recycling Theft Prevention and Enforcement Program. Pursuant to the Refuse Rate Board's 1991 Rate Order, this funding is provided specifically to "support City efforts against organized theft of recycled materials," and cannot be used for any other program.

Recycling bins are placed on the sidewalk in front of residences and businesses once a week for pickup by Sunset Scavengers. According to Mr. Robert Haley of the CAO's Solid Waste Management Program, increasing recycling theft is driving up the cost of recycling, creating late night noise and litter, and causing some residents and businesses to stop participating in the recycling program. The City's contract with Sunset Scavengers allows the company to keep the first $1.7 million earned annually from the sale of recycled materials. Revenues earned from the sale of recycled materials over that amount are rebated quarterly to garbage rate payers. Stolen recycling materials lower recycling revenue and therefore represent a direct cost to garbage rate payers. Sunset Scavengers estimates that thefts from recycling bins are now costing garbage rate payers over $500,000 per year.

The proposed outreach program will encourage residents and businesses to help prevent theft, and the enforcement program will focus on the network of scavengers that drive through

neighborhoods late at night or just ahead of the recycling trucks and empty the bins into their own trucks.

According to Mr. Haley, the Solid Waste Management Program has discussed a variety of theft prevention methods with Sunset Scavengers, such as changing the hours for recycling pick-up. Mr. Haley reports that Police enforcement is a necessary component of the Recycling Theft Prevention and Enforcement Program because theft from recycling bins occurs no matter what time of day recycled materials are put out for collection.

The proposed program will run for three years, beginning in Fiscal Year 1994-95, and ending in Fiscal Year 1996-97.

Project Budget: The proposed budget for the Recycling Theft Prevention and Enforcement Program, for Fiscal Year 1994-95 through Fiscal Year 1996-97 (three years), is as follows:

San Francisco Police Department overtime		
Police Lieutenants 116 hrs. @ $42.10/hr	$4,884	
Police Inspectors 5,366 hrs. @36.27/hr.	194,616	
Sub-total Police overtime		**199,500**
Direct Mail Costs (305,000 pieces)		
Paper, printing, folding @.15/piece	45,000	
Label printing/affixing @.02/piece	5,955	
Third class, pre-sorted postage @.069/piece	21,045	
Sub-total Direct Mail Costs		**72,000**
Newspaper advertising in Examiner, Chronicle, Bay Guardian, SF Weekly, Chinese, Spanish papers		
Design, Production, Translation	3,500	
Ad Placement in 24 papers	6,500	
Sub-total newspaper advertising		**10,000**
Bus & bus shelter advertising		
Design/Production	2,500	
Printing (280-300 cards, various sizes)	5,000	
Placement (280-300 cards for one month)	2,500	
Sub-total bus advertising		**10,000**
TOTAL		**$291,500**

Recommendation: Approval of this proposed new program is a policy matter for the Board of Supervisors.

Item 4 - File 101-94-28

Department: Department of Public Works (DPW)

Item: Ordinance appropriating and rescinding $300,000, Department of Public Works, Capital Projects, transferring monies from the North Point Treatment Plan Project to the Bay Area/San Joaquin Valley Water Reuse Project.

Amount: $300,000

Source of Funds: 1976 Sewer Revenue Bonds

Description: In 1992, the Board of Supervisors approved Resolution No. 474-92, directing that the Chief Administrative Officer and the Public Utilities Commission study the feasibility of exporting recycled water from the Bay Area for agriculture, habitat improvement, and other beneficial uses. No funding for the study was identified in that resolution. The DPW has now identified $300,000 in unspent sewer bond funds originally appropriated in Fiscal Year 1993-94 for engineering studies of the City's Northpoint Treatment Plant. According to Mr. Mike Quan of the DPW, the Bureau of Engineering did not spend those funds for engineering studies because it was determined that the Northpoint Treatment Plant instead requires extensive repair and construction work that will cost approximately $20 million. Funds for this repair and construction work are now included under Proposition D, Sewer Service Bonds, to be considered on the San Francisco ballot for the election of November 8, 1994. Therefore, this proposed ordinance would reallocate the $300,000 appropriated in 1993-94 for the Northpoint Treatment Plant studies to the Bay Area Water Reuse Project for the feasibility study pertaining to export of recycled water from the Bay Area as was requested by the Board of Supervisors in Resolution No. 474-92.

Working in a joint effort with other local agencies, the DPW would study a proposal to export recycled wastewater from the Bay Area to the San Joaquin Valley. The study proposal includes, but is not limited to, preliminary environmental and engineering work to determine; a) the quantity and quality of recycled water that can be exported, b) the water storage requirements for the project, c) how the Delta-Mendota canal can be used to transport the water, d) agricultural drainage options, e) how to develop a water exchange program and, f) project costs and funding requirements.

The joint agency group for this project includes the City's Department of Public Works, Water Department, and the Airport. The other participating agencies are 21 wastewater and water supply agencies throughout Santa Clara, Contra Costa, Alameda, and San Mateo Counties.

Budget: The proposed budget for the funds to be provided for San Francisco's share of the feasibility study for the Bay Area Water Reuse Project, for the period starting with the approval of the study in 1994 and continuing to January 1, 1996, is shown below.

Project Manager (180 days)	$47,320	
Sr. Sanitary Engineer (20 days)	6,160	
Sanitary Engineer (100 days)	26,600	
Sr. Civil Engineer (20 days)	6,160	
Civil Engineer (80 days)	21,280	
Assoc. Civil Engineer (80 days)	18,400	
Special Assistant (50 days)	10,200	
Subtotal Labor		**136,120**
Overhead (116% of labor)		157,880
Materials		6,000
TOTAL		**$300,000**

Comments: As of the writing of this report, the DPW was not able to provide details of the full scope of work that is proposed under the joint agency study. As such, the Budget Analyst recommends that this item be continued to the Budget Committee meeting of November 16, 1994 to allow the Department additional time to provide this information.

Recommendation: Continue this item to the Budget Committee meeting of November 16, 1994.

Item 5 - File 69-94-4.1

Note: This item was continued by the Budget Committee at its meeting of November 2, 1994.

Departments: Mayor's Office
Chief Administrative Officer (CAO)
Board of Supervisors

Item: Supplemental Appropriation reappropriating $84,000 from the Capital Improvement Project, Disabled Access Modification account of the CAO to the Board of Supervisors for the Mayor's Office to pay for the operation of the Municipal Access Channel.

Amount: $84,000

Source of Funds: General Fund - Capital Improvement Project, Disabled Access Modification funds, Office of the CAO

Description: The proposed supplemental appropriation ordinance would reappropriate $84,000 in the CAO's Capital Improvement Project Disabled Access Modification account to be used to pay for the operation of the Municipal Access Channel.

As noted above, the source of funds for this request is the Capital Improvement Project, Disabled Access Modification account which is used to pay for capital improvements to improve disability access to City-owned buildings. Mr. Steve Nelson of the Office of the CAO advises that the CAO would be reimbursed the $84,000 for the Disabled Access Modification account by the Mayor's Office of Community Development (MOCD), from monies earmarked for disability access purposes in the Community Development Block Grant (CDBG) Program.

Under the City's Franchise Agreement with Viacom Cablevision of San Francisco, Viacom is required to provide one channel each for public, educational and government (municipal) access. The Cable TV Access Development and Program Fund consists of .2 percent of the 5 percent total franchise fees paid to the City by Viacom (the remaining 4.8 percent of the franchise fees accrues to the General Fund). The monies in the Cable TV Access Development and Program Fund for FY 1994-95 are allocated equally between (1) a professional services contract aimed at promoting and encouraging the use of Public Access Cable television channels ($50,000), (2) contract services which assist in the operation of the Educational Access cable channel of the City College of San Francisco ($50,000) and (3) the Municipal Access Channel

($50,000). It should be noted that the amounts budgeted for these services is subject to modification depending upon the actual amount paid to the City by Viacom for franchise fees.

The Municipal Access Channel, which began operation in June of 1993, is included in the budget of the Board of Supervisors under the Cable TV Access Development and Program Fund, and, as noted above, is budgeted in the amount of $50,000 for FY 1994-95.

Mr. Zane Blaney, Manager of the Municipal Access Channel, has projected that the total amount required to fund the operations of the Municipal Access Channel at an adequate level of programming for FY 1994-95 is $372,090. Mr. Blaney advises that although $50,000 is included in the FY 1994-95 Cable TV Access Development and Program Fund under the budget of the Board of Supervisors, the Municipal Access Channel's actual amount allocated for FY 1994-95 is $51,313, including $32,757 in FY 1994-95 Cable TV Access Development and Program Funds plus $18,556 in Cable TV Access Development and Program Funds, which were carried forward from FY 1993-94. This $51,313 allocation is $320,777 less than Mr. Blaney's projected need of $372,090 to adequately operate the Municipal Access Channel for FY 1994-95.

According to Mr. Blaney, the Municipal Access Channel's projected budgetary needs of $372,090 for FY 1994-95 is $252,765 or 212 percent more than the Municipal Access Channel's actual budgeted amount of $119,325 for FY 1993-94. Of this FY 1993-94 amount, $113,000 represented Cable TV Access Development and Program Funds (including carryover monies from FY 1992-93 and FY 1991-92), $5,000 represented a donation from Pacific Bell and $1,325 represented funds from Videotape Duplication Fees. In addition to the $119,325 budgeted for FY 1993-94, the San Francisco Community Television Corporation, the nonprofit agency responsible for the administering of the Municipal Access Channel, also provided in-kind services totaling $64,317 ($49,587 in personnel services and $14,730 in operating expenses). Mr. Blaney advises that for approximately the first three months of FY 1993-94 the Municipal Access Channel was involved in startup activities. The "gavel-to-gavel" coverage of the Board of Supervisors committee meetings began July 16, 1993.

The Municipal Access Channel currently provides (1) "gavel to gavel" coverage of the Board of Supervisors committee meetings, (2) public service announcements from various City departments including the Department of Public Health, Police Department, Office of Emergency Services, the Public Library

and the Academy of Sciences, (3) notices of upcoming City agency and committee meetings and (4) an interactive computer system (Response TV) which the public can access with their touch-tone telephone. This interactive system contains data on almost all City departments, agencies and organizations. Cable subscribers can bring up data on their television set ranging from a telephone directory of City departments to volunteer programs at the Animal Care and Control Center.

Based on Mr. Blaney's total projected need of $372,090 for FY 1994-95, to adequately operate the Municipal Access Channel, there is a projected shortfall of $320,777, as follows:

	Current Budget	Actual Expenditures 7/1/94 - 10/31/94	Projected Expenditures 11/1/94 - 6/30/95	Total Projected Expenditures 7/1/94 - 6/30/95	Projected Shortfall
Personnel					
Channel Manager	$11,474	$8,352	$19,050	$27,402	($15,928)
Coordinator	8,427	6,764	13,528	20,292	(11,865)
Office Assistant	772	184	1,461	1,645	(873)
Production Supervisor	5,500	1,770	12,840	14,610	(9,110,
Camera Operators	3,426	2,080	11,128	13,208	(9,782)
Headend Operators	3,561	12,233	36,049	48,282	(44,721)
Fringe Benefits	4,340	4,503	14,290	18,793	(14,453)
Subtotal	$37,500	$35,886	$108,346	$144,232	($106,732)
Operating Expenses					
Professional Services	$1,600	$802	$10, 675	$11,477	($9,877)
Postage	200	81	160	241	(41)
Telephone	1,000	304	890	1,194	(194)
Insurance	2,500	1,005	3,864	4,869	(2,369)
Office Supplies	1,113	358	5,500	5,858	(4,745)
Equipment Lease	2,000	2,355	5,065	7,420	(5,420)
Miscellaneous	400	591	1,388	1,979	(1,579)
Subtotal	$8,813	$5,496	$27,542	$33,038	($24,225)
Equipment					
Remote Television Equipment *	$0	$0	$168,527	$168,527	($168,527)
Headend Equipment **	4,000	317	21,911	22,228	(18,228)
Equipment Maintenance	1,000	65	4,000	4,065	(3,065)
Subtotal	$5,000	$382	$194,438	$194,820	($189,820)
Total	$51,313	$41,764	$330,326	$372,090	($320,777)

* Attachment I provided by Mr. Blaney is an itemized listing including the costs of the proposed remote television equipment.

** Attachment II provided by Mr. Blaney is an itemized listing including the costs of the proposed additional Headend (small control room where the television signal is sent over to the cable system) equipment.

As noted above, Mr. Blaney is projecting a shortfall of $320,777 in order to adequately operate the Municipal Access Channel for FY 1994-95. The proposed supplemental appropriation request in the amount of $84,000 would reduce the amount of this shortfall to $236,777. The Public Library plans to provide $65,000 in funding to the Municipal Access Channel, which would further reduce the amount of the projected shortfall to $171,777.

Comments:

1. Mr. John Taylor, Clerk of the Board, advises that funds currently budgeted for the Municipal Access Channel are work-ordered to the Mayor's Criminal Justice Council (MCJC). The MCJC, in turn, pays for the operation of the Municipal Access Channel. However, with respect to the subject request of $84,000, Mr. Taylor suggests that the proposed legislation be amended to delete reference to the Mayor's Office from the title of the proposed legislation.

2. Mr. Blaney advises that the Municipal Access Channel is proposing to continue to provide the current level of service through December of 1994. According to Mr. Blaney, beginning in February of 1995, the Municipal Access Channel is proposing to add (1) "gavel-to-gavel" coverage of the meetings of the full Board of Supervisors, and (2) an additional 10 hours of taping for other City departments including the Department of Public Health and the Office of Emergency Services. The above-noted projected budget of $372,090 reflects the cost for the additional staff and other costs required to provide these additional services.

3. As previously noted, Mr. Blaney has identified the following funding sources to cover the projected $320,777 shortfall for Fiscal Year 1994-95:

Funding Source	Amount
Projected Shortfall for FY 1994-95	($320,777)
Less Funds Identified:	
Capital Improvement Funds, Disabled Access Modification Funds (the subject of this request)	$84,000
Library Proposition E Funds (pending supplemental appropriation)	65,000
Total	$149,000
Remaining Shortfall	($171,777)*

* As of the writing of this report, Mr. Blaney has not identified a specific funding source to cover the remaining shortfall balance of $171,777.

4. It should be noted that Mr. Blaney's projected expenditures for the 8-month period 11/1/94-6/30/95 of $330,326 are $288,562 or 691 percent more than the actual expenditures of $41,764 for the 4-month period from 7/1/94-10/31/94. Of this 691 percent increase, salary and fringe benefit costs would increase by 302 percent primarily because (1) the Production Supervisor's average hours per month would increase for the period 11/1/94-6/30/95 from approximately 30 hours to approximately 107 hours for an average monthly increase of 77 hours at a cost of an additional $1,155 per month (77 hrs. @ $15 per/hr.) or a total of $9,240 for the 11/1/94-6/30/95 eight-month period , (2) the two Camera Operators' total average hours per month would increase for the period 11/1/94-6/30/95 from approximately 40 hours per month to approximately 107 hours for an average monthly increase of 67 hours at a cost of an additional $871 per month (67 hrs. @ $13 per/hr.) or a total of $6,968 for the 11/1/94-6/30/95 period and (3) the three Headend Operators' total average hours per month would increase for the period 11/1/94-6/30/95 from approximately 235 hours per month to approximately 347 hours per month for an average monthly increase of 112 hours at a cost of an additional $1,456 per month (112 hrs. @ $13 per/hr.) or a total of $11,648 for the 11/1/94-6/30/95 period. The overall total increase for the 11/1/94-6/30/95 period based on the increased hours for the above-noted personnel is $27,856 ($9,240 - Production Supervisor plus $6,968 - Camera Operators plus $11,648 - Headend Operators).

5. As previously noted, Mr. Blaney's total projected equipment budget is $194,820 or $189,820 (3,796 percent) more than the original equipment budget of $5,000. Of the $194,820, $168,527 is designated for new remote television equipment which, Mr. Blaney states, would be used to provide "gavel-to-gavel" coverage of the Board of Supervisors committee meetings and full Board meetings when the Board of Supervisors relocate to the Veterans Memorial Building during the seismic retrofit of City Hall. According to Ms. Marie McKechnie, Deputy Clerk of the Board of Supervisors, the Board of Supervisors is scheduled to move to the Veterans Memorial Building February 17, 1995. A total of $21,911 is designated for additional Headend equipment to upgrade existing equipment. The remaining $4,382 is earmarked for equipment maintenance ($4,065) and Headend equipment, which was included in the original budget ($317). Attachment III provided by Mr. Blaney is a detailed justification for the total projected $194,820 equipment budget.

6. Attachment IV is a detailed budget for the Municipal Access Channel in the amount of $200,313, as prepared by Mr. Blaney, which is based on the current allocated amount of $51,313 plus the $149,000 in additional funding ($84,000 plus $65,000), which has thus far been identified for this purpose.

Recommendations: 1. Amend the proposed ordinance to delete reference to the Mayor's Office from the title of the legislation.

2. Approval of the proposed ordinance as amended is a policy matter for the Board of Supervisors.

Attachment I
Page 1 of 3

R.E. SNADER
PROFESSIONAL VIDEO EQUIPMENT
AND ASSOCIATES, INC.

Date: 13-Oct-94

QUOTATION

To: Zane Blaney
Community TV Corporation
P.O. Box 427190
San Francisco, CA 94102
Ph.: 557-4293
Fax: 557-4449

From: Tom Anderson
R.E. Snader & Associates, Inc.
475 Gate Five Road
Sausalito, CA 94965
Ph.: (415) 332-7070
Fax: (415) 331-1643

Item	Qty	Model	Description	Unit Price	Total	Support
1	5	WVE-550	Panasonic 3-CCD Digital Camera	$4,500.00	$22,500.00	
2	5	WVCB-700	Panasonic Camera Remote Control	$1,100.00	$5,500.00	
3	5	AGB-640	Panasonic Camera Power Supply	$410.00	$2,050.00	
4	5	WV-CA10B50	Panasonic 180' Extension Cable	$170.00	$850.00	
5	5	WV-CA20T10	Panasonic Remote Adapter Cable	$205.00	$1,025.00	
6	5	S16x6.7BMD	Fujinon 16x Zoom Lens	$3,195.00	$15,975.00	
7	5	CPT-1A10D	Fujinon Digital Pan/Tilt Head	$3,492.00	$17,460.00	
8	2	EOP-102T50D	Fujion Multi Head 4x Control - Pan/Tilt, Zoom, Focus Iris with 24 Presets	$4,265.00	$8,530.00	
9	5	CPS-401A10D	Fujinon Power Supply with Digital (RJII I/O)	$720.00	$3,600.00	
10	5	UHD-10344A010	Fujinon 10 Meter Control Cable (Head to Power Supply)	$280.00	$1,400.00	
11	5	PM-105	Pelco Wall Mount Adapter	$55.00	$275.00	
12	2	KM-1200U	JVC 4 Input Composite Switcher	$1,920.00	$3,840.00	
13	2	BR-S605U	JVC S-VHS Recorder/Player	$2,107.00	$4,214.00	
14	1	BR-S622U	JVC S-VHS Recorder/Player	$4,080.00	$4,080.00	
15	1	SA-T22U	JVC Time Base Corrector Board	$465.00	$465.00	
16	1	SA-R22U	JVC VITC/LTC Time Code Reader/Generator Board	$320.00	$320.00	
17	1	BR-S822U	JVC S-VHS Editing VCR	$5,530.00	$5,530.00	
18	1	SA-R22U	JVC VITC/LTC Time Code Reader/Generator Board	$320.00	$320.00	

Proposed Total: (continued)

This Quotation is firm until: 12-Nov-94
Prepared By: Tom Anderson

Attachment I
Page 2 of 3

R.E. SNADER
PROFESSIONAL VIDEO SYSTEMS
AND ASSOCIATES, INC.

Date: 13-Oct-94

QUOTATION

To: Zane Blaney
Community TV Corporation
P.O. Box 427190
San Francisco, CA 94102
Ph.: 557-4293
Fax: 557-4449

From: Tom Anderson
R.E. Snader & Associates, Inc.
475 Gate Five Road
Sausalito, CA 94965
Ph.: (415) 332-7070
Fax: (415) 331-1643

Item	Qty	Model	Description	Unit Price	Total	Support
19	2	PVM-411	Sony 4" B/W Quad Monitor with Rack Mount	$1,480.00	$2,960.00	
20	4	TM-900SU	JVC 9" Color Monitor	$545.00	$2,180.00	
21	2	RK-900SU	FEC Dual Rack Mount Kit	$100.00	$200.00	
22	2	VDA-2106	Sigma 1x6 Video DA	$180.00	$360.00	
23	4	ADA-2110	Sigma 1x6 Audio DA	$180.00	$720.00	
24	2	AFV-100	Sigma Audio Follow Video Switcher	$150.00	$300.00	
25	2	SS2100-6	Sigma Rack Mount Tray	$395.00	$790.00	
26	2	MM-400	Magni Waveform Vector Display	$1,695.00	$3,390.00	
27	2	CODI	Chyron Character Generator	$4,000.00	$8,000.00	
28	2	Control Software	R.E. Snader Windows CG Software	$450.00	$900.00	
29	2	Schedule Software	R.E. Snader Schedule Software	$450.00	$900.00	
30	2	M208/DPC	Delta Designs 2 Bay Console with Casters, 2 Shelve 2 Power Strips, and VTR Rack Rails	$1,895.00	$3,790.00	
31	2	PIN466-16	Mediatek 486 Dx2-66 w/16MB RAM, 425MB HD, 24 Bit SVGA 14" Color Monitor, Windows 3.1	$2,840.00	$5,680.00	
32	2	19" Rack System	Computer Rack Mount	$530.00	$1,060.00	
33	1	MS-222	Clear-Com Rack Mount 2 Channel Main Station	$750.00	$750.00	
34	1	RM-222	Clear-Com Rack Mount 2 Channel Remote Station	$675.00	$675.00	
35	5	CC-85	Clear-Com Head Set	$155.00	$775.00	
36	3	RS-502TW	Clear-Com Dual Channel Belt Pack	$260.00	$780.00	
37	2	TWC-10	Clear-Com 2 Channel/3 pin Cable Adapter	$169.00	$338.00	
38	2	1202	Mackie 12x2 Audio Mixer	$320.00	$640.00	
39	2	Misc. Cables	Cables and Connectors for Installation	$2,000.00	$4,000.00	
				Proposed Total	(continued)	

This Quotation is firm until: 12-Nov-94
Prepared By: Tom Anderson Tom Anderson

Attachment I
Page 3 of 3

R.E. SNADER
AND ASSOCIATES, INC.

Date: 13-Oct-94

QUOTATION

To: Zane Blaney
Community TV Corporation
P.O. Box 427190
San Francisco, CA 94102
Ph.: 557-4293
Fax: 557-4449

From: Tom Anderson
R.E. Snader & Associates, Inc.
475 Gate Five Road
Sausalito, CA 94965
Ph.: (415) 332-7070
Fax: (415) 331-1643

Item	Qty	Model	Description	Unit Price	Total	Support
40			High Peak Engineering Installation of Equipment Services Included: ***Please See Attached Quote from High Peak Engineering*			$19,750.00
			Support Subtotal	Support	$19,750.00	
			Product Subtotal	Product	$137,122.00	
			San Francisco Sales Tax	8.50%	$11,655.37	
				Proposed Total	$168,527.37	

This Quotation is firm until: 12-Nov-94
Prepared By Tom Anderson

Tom Anderson

Attachment I

Citywatch Channel 54 Equipment Upgrade Reccommendations
Headend

Quantity	Item Description	Suggested Manufacturer / Model	Unit Cost	Item Cost
	Station Engineering support			
1	Waveform Monitor / Vectorscope	Tektronix 1740 A	$4,395.00	$4,395.00
1	Volt Ohm Meter	Fluke 79	$201.00	$201.00
1	Set of assorted servicing tools	to be specified	$500.00	$500.00
	Video Cassette Recorders & accessories			
1	SVHS Recorder/Player	JVC S622U	$4,080.00	$4,080.00
1	recorder TBC board	JVC SA-T22U	$465.00	$465.00
1	recorder time code reader	JVC SH-R22U	$320.00	$320.00
	Video Monitors			
1	Production monitors 13"	Sony PVM 1351 Q	$821.00	$821.00
1	Source/cue monitor triple sets	Sony PVM-5041Q	$899.00	$899.00
2	rack mount adapters	Sony-MB507	$185.00	$370.00
	Signal processing			
1	AGC Video proc amp	FM Systems VM-771 with bypass	$450.00	$450.00
1	Dual channel TBC	Nova Mate M1RT2 + 2nd ch.card	$3,400.00	$3,400.00
	Clocks			
1	Master clock	ES 562E	$420.00	$420.00
	Miscellaneous			
1	Video Toaster Delay line unit	Allen Avionics Model 488 T	$325.00	$325.00
1	Audio amp and speakers	Crown D-75 amp & 2 JBL 4408A spk	$500.00	$500.00
1	Audio mixer	Mackie CR-1604 16 ch.	$950.00	$950.00
1	CD audio / Laser player	to be specified	$700.00	$700.00
1	Remote Communications	Clearcom	$903.00	$903.00
1	Vidicraft Switcher		$495.00	$495.00
		8.5% sales tax		$1,716.49
	Estimated total			$21,910.49

Memorandum Attachment III

TO: Sandy Brown-Richardson
FROM: Zane Blaney
DATE: November 4, 1994
Subject: Justification for Equipment Expenses

Justification for Veteran's Memorial Building Equipment

Due to space limitations in the Veteran's Building committee room and legislative chamber it will not be possible to provide video coverage of the meetings using existing equipment. The existing equipment needs a four foot footprint in which to operate. This floor space will not be available in the Veteran's Building. Therefore it will be necessary to mount robotic cameras on the walls which will be controlled from a small area in the chamber and in a "control room" in the committee room. Additional tape decks and character generators will be necessary to record these meeting in a professional manner.

This equipment is a one time purchase and will be used in City Hall when it is ready for occupancy after the earthquake retrofit. This equipment will be much more discreet than cameras on tripods thus minimizing possible distraction in the committee room and chamber.

Veteran's Building Equipment Summary

The recommended equipment for the Veteran's Building committee room and legislative chamber includes wall mounted robotic cameras (two for the committee room, three for the chamber), lens and other control devices necessary to operate them. In addition, the list contains monitors, camera switchers, tape decks, character generators, audio and communications equipment necessary to record the meetings.

Justification for Headend Equipment

Due to the limited funding during the 93-94 FY it was necessary to start-up the channel headend with the most basic equipment. Most of this equipment was consumer grade quality. Only four pieces of equipment, a 3/4" tape deck on loan from the library, a used waveform monitor donated by KRON-TV and two Time Base Correctors, purchased new for the channel, were broadcast quality. All other equipment including SVHS tape decks, switchers, monitors and audio equipment were consumer grade.

Although this equipment has served to get the channel up and running it was never designed to perform in a cable channel headend. It has not been reliable or convenient to use. Not only does this equipment have serious limitations, it does not have the durability or flexibility of high-end industrial or broadcast quality equipment. It is only due to the ingenuity of the staff that the equipment has been used in this way.

The proposed limited upgrade is to replace some of the consumer equipment with industrial or broadcast quality equipment. The used waveform monitor is no longer working. The headend must have at least one quality SVHS tape deck plus professional monitors, signal processing and other equipment.

Without the equipment budgeted for the Veteran's Building, the municipal access channel will be unable to continue to provide gavel-to-gavel coverage of the board of supervisors' meetings. Due to space limitations in the Veteran's Building it will be necessary to acquire wall-mounted robotic cameras and the equipment necessary to control them.

Budget FY '94 - '95

PERSONNEL	
Salaries	
Channel Manager	$27,402
Coordinator	$20,292
Office Assistant	$1,638
Production Supervisor	$14,615
Camera Operators	$13,210
Headend Operators	$48,285
benefits	$18,793
PROFESSIONAL SERVICES	$11,477
OPERATIONS	
postage	$241
phone	$1,194
insurance	$4,869
supplies/materials	$5,858
equipment leases	$7,420
misc.	$1,979
EQUIPMENT	
Veterans Memorial	0
Headend	$22,227
Maintenance	$813
TOTAL	$200,313

Items 6 and 7 - Files 91-94-1.1 and 91-94-1

Note: These items were transferred from the Housing and Land Use Committee meeting of November 3, 1994 due to fiscal impact.

Department: San Francisco Redevelopment Authority (SFRA)

Item: **Item 6 - File 91-94-1.1** is a resolution adopting environmental findings and statement of overriding considerations pursuant to the California Environmental Quality Act and State guidelines in connection with the ordinance adopting the proposed Amendment to the Redevelopment Plan for the Yerba Buena Center Redevelopment Project Area (File 91-94-1).

Item 7 - File 91-94-1 is an ordinance amending Ordinance No. 98-66, as amended by Ordinance Nos. 201-71, 393-73, 386-76, 367-77, 420-79, 538-81 and 477-86, approving the redevelopment plan for the Yerba Buena Center Redevelopment Project Area, by amending said plan in order to (1) make the redevelopment plan congruent, where appropriate, with the goals, policies, and land use designations of those portions of the City Planning Code that shape development in areas adjacent to the Yerba Buena Center Redevelopment Project Area; (2) extend the time for eminent domain proceedings to acquire property within the project area, from December 1, 1998 to May 1, 2006; (3) increase the amount of tax increment dollars which may be allocated to the San Francisco Redevelopment Agency (SFRA) pursuant to Section 33670 of the California Health and Safety Code from $372.9 million to $600 million; (4) reduce the time for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 by the SFRA from April 25, 2006 to January 1, 2004; (5) amend the duration of the redevelopment plan including the provision of other documents formulated pursuant thereto from April 5, 2006 to January 1, 2009; and (6) establish January 1, 2019 as the time limit for the SFRA to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the SFRA.

Description: Item 6 - File 91-94-1.1

1. This item is a resolution adopting the environmental findings and a statement of overriding considerations in the Yerba Buena Center Final Subsequent Environmental Impact Report (YBC SEIR). The California Environmental Quality Act (CEQA) and San Francisco's Administrative Code require that the Board of Supervisors consider and

adopt the YBC SEIR as part of formalizing the Amendment to the Yerba Buena Center Redevelopment Plan (the Amendment) which is contained in Item 5, File 91-94-1 and discussed below. The last environmental document on this issue which was considered and certified by the Board of Supervisors was the Second YBC EIR Supplement in 1984.

2. In general, the YBC SEIR updates the environmental analysis presented in prior documents related to this Redevelopment Area and brings the Yerba Buena Center development process into compliance with environmental planning standards adopted by the City. For example, YBC developments will be required to implement transportation programs such as increasing rapid transit access, decreasing long-term parking, and encouraging car pools, bicycle use, and pedestrian-friendly development. Air quality will be maintained by requiring developers to minimize dust during construction, sweep streets, and cover trucks hauling debris, soil and sand. Other environmental mitigation measures described in the YBC SEIR and its Addenda include requiring developer compliance with the City's hazardous waste and underground storage tank removal programs, groundwater conservation measures, and requirements for emergency planning for earthquakes. These are examples of the environmental issues addressed by the YBC SEIR.

3. Article IV of the YBC SEIR details the mitigation measures which have been adopted, as well as those that have been rejected, to meet the environmental impacts of the YBC developments. Three environmental effects which cannot be mitigated are also raised in the YBC SEIR. These are: a) a cumulative impact on traffic and on passengers riding BART and MUNI in the City, b) a possible violation of the fine particulate matter (PM10) air quality standard, with accompanying health impacts, due to the traffic and construction resulting from the Project and c) an increase in the number of people who would be subject to danger in the event of an earthquake in San Francisco, even though new buildings in the YBC Project Area will be built to the latest seismic standards.

4. CEQA requires decision makers to balance the benefits of a project against its unavoidable environmental risks when considering whether to approve the project. If the benefits outweigh the adverse effects, those effects may be considered "acceptable." Article VII of this proposed resolution is a "Statement of Overriding Considerations," which specifically states that the Board of Supervisors considers the economic,

social and other benefits of the Yerba Buena Project to outweigh the significant environmental effects, and that those effects are "acceptable."

5. The YBC SEIR, along with the Amendment, was adopted by the City Planning Commission and by the Redevelopment Commission in December of 1992. Prior to adopting the Amendment and the relevant environmental documents, the Planning Commission and the Redevelopment Commission held a joint public hearing on January 23, 1992. An additional public hearing was held on the Amendment by the Redevelopment Commission on June 21, 1994 and continued on July 26, 1994. In addition, the City Planning Commission and the Redevelopment Commission have since considered and adopted two Addenda to the YBC SEIR which dealt with planning changes to some parcels within the Yerba Buena Center (YBC) Project Area. According to Mr. Thomas Conrad of the Redevelopment Commission, Addenda to the YBC SEIR do not require public hearings. All property owners, tenants and business owners in the Project Area, however, have received notice of the Addenda and been offered the opportunity to comment on them in writing according to Mr. Conrad.

Item 7 - File 91-94-1

1. The City of San Francisco adopted the Downtown Plan in 1985 and the South of Market Plan in 1990. These two planning documents address development in the areas surrounding the Yerba Buena Center Redevelopment Project Area (YBC Project Area). Since the adoption of these two plans, the Redevelopment Commission and the City Planning Commission have worked together to revise the Yerba Buena Redevelopment Project to make it compatible with the goals, land use designations and policies of the City. This proposed resolution adopts an Amendment to the Redevelopment Plan which details the changes resulting from this process. Virtually every part of the Yerba Buena Redevelopment Project Area is affected, with changes proposed to 11 of the 13 parcels of land in the YBC Project Area. Only the two central blocks, from Market Street to Folsom Street between Third and Fourth Streets, which presently contain among their developments the Marriot Hotel, Ana Hotel, and Yerba Buena Gardens, are not affected. The changes contained in the plan Amendment are summarized as follows:

2. Reductions in Development Intensity, Height and Bulk. The Amendment generally reduces the intensity of development originally planned for YBC by adopting City Planning Code zoning restrictions and regulations governing the permitted and prohibited uses in the various areas, floor area ratios of new buildings, height limits, freight and service loading standards, and other regulations. YBC developments will also be designed to meet the City's goals of retaining a compact downtown core and a mix of commercial, residential and other land uses.

3. Housing. According to the SFRA, the proposed Amendment would result in the addition of up to 610 market rate housing units to YBC, bringing the total number of housing units in the Project Area to 2,395. The Amendment projects that, as a result of the increased housing, approximately 1,200 additional residents, for a total of 4,000 will be added to the Downtown area and surrounding vicinity. According to the SFRA and the Planning Commission, these units and residents will help achieve the City's goals of increasing the number of residents who can walk to work, increasing the vitality of the Downtown area during non-working hours, and creating affordable housing. The Amendment emphasizes the importance of retaining existing housing stock, creating live/work space and building low-income housing in the South of Market area. In addition, the Amendment encourages, but does not mandate, housing for future owner-participants, which could result in up to 1,020 additional housing units.

4. Job Preservation and Economic Development. According to Mr. Thomas Conrad of the SFRA, the Amendment will result in an estimated 300 construction jobs and, at full project buildout, 23,120 permanent jobs of which 84 percent or 19,421 would be office jobs, 12 percent or 2,774 would be primarily retail/commercial, recreational or institutional jobs, and 4 percent or 925 would be jobs in cultural sectors. Under the previous Redevelopment plan, the projection was for the same number of construction jobs, 300, and for 21,800 permanent jobs, or 1,320 fewer permanent jobs than are projected under the Amendment.

5. Light Industry. According to the SFRA, the Amendment "substantially" reduces the amount of light industry that will be permitted in the YBC Project Area in order to make the Project compatible with the City's goals of encouraging mixed-use development and retaining the use of the southern blocks in particular as a residential area.

6. Downtown Plan Requirements. The Amendment adopts the Downtown Plan's requirements for business developers to build or contribute to the creation of affordable housing and child care, as well as the requirements for wind and shadow restrictions designed to enhance pedestrian comfort in the area, space for public art, and requirements for transportation management.

7. Historic Preservation. The Amendment establishes a procedure for the YBC Project Area like that in Article 11 of the City Planning Code for designating buildings and areas that have special architectural, aesthetic or historical merit, and protecting them from demolition.

8. Cultural. The Amendment plans for the construction of significant amounts of cultural space in the YBC Project Area, including a Children's cultural center, and sites for the Mexican Museum and Jewish Museum.

9. Open Space. In accordance with the City Planning Code, the Amendment requires new development projects in the YBC Project Area, whether new or substantial additions to existing structures, to provide publicly accessible open space.

10. Plan Extension and State Law Changes. Under the existing Redevelopment Plan for the Yerba Buena area, project activities are scheduled to expire on April 5, 2006. This proposed ordinance would change this expiration date to January 1, 2009. In addition, specific amendments to the Project plan are required by State statute and would:

a) Reduce the time for incurring project debt from April 25, 2006 to January 1, 2004. This means that bonds to fund YBC projects will have to be issued by January 1, 2004.

b) Establish a time limit of January 1, 2019 for the project to receive tax increment funds for repayment of debt. Previously there was no time limit for the receipt of tax increment funds.

c) Extend the time for acquisition of property through eminent domain from December 1, 1998 to May 1, 2006. This will enable the Redevelopment Agency to acquire the properties necessary to complete the Amended plan.

d) Increase the amount of tax increment dollars which may be allocated to the Redevelopment Agency from $372.9 million to $600 million, an increase of $227.1 million. This increase

of $227.1 million will fund acquisition, construction, debt financing, and other activities.

11. **Project Budget.** The Redevelopment Agency proposes to use the extended plan period and increased allocation of tax increment dollars to complete YBC Plan elements that are listed in Attachment A. In addition, the Redevelopment Agency proposes to use some of the tax increment dollars to fund housing construction in the South of Market area and other areas of the City.

The total project budget limit under the previous tax increment limit of $372.9 million was estimated at approximately $280 million. With the proposed increase in the tax increment limit to $600 million, the project budget limit is estimated at approximately $306 million, an increase of $26 million. Of this $306 million, approximately $188 million has been committed already in the Yerba Buena Redevelopment Project Area, and $118.8 million would be available for future project expenditures in both the Yerba Buena area and other areas. According to Mr. Conrad, approximately $78 million of the $118.8 million would be proposed for projects in the Yerba Buena Project Area, and $40 million for low and moderate income housing developments in other areas.

Attachment B shows the estimated project expenditures for all areas by line item from 1994-95 to 2004-05. After 2004-5, the Redevelopment Agency estimates that project expenditures would increase by approximately 3 percent per year, and, as noted above, that the majority of funds would be devoted to housing projects. <u>All project budget expenditures will be detailed in future Redevelopment Agency budgets, which must be reviewed and approved by the Board of Supervisors on an annual basis.</u>

12. **Bond Funding.** The $118.8 million project budget described above would be funded from the sale of bonds that would be repaid from tax increment funds. The total cost of repaying the debt used to fund the $118.8 million in project costs is estimated to be approximately $227.1 million, assuming an average interest rate of 7 percent per year. The bonds would be repaid over periods ranging from 9 to 23 years since all bond debt must be retired by January 1, 2019. The estimated project budget, debt issuance and debt service schedules are shown in the table below.

While the proposed subject ordinance only allows for bond debt to be incurred for the Yerba Buena Redevelopment

Project Area until the year 2004, the Redevelopment Agency also has the option under State law to incur bond debt for low and moderate income housing construction after that date. The financing plan shown below, as well as the budget discussed above, both reflect the Redevelopment Agency's plans to propose low and moderate income housing construction in the South of Market and possibly other areas of the City, to be funded through bonds issued after 2004.

Schedule of Project Budget, Annual Debt Requirements and Total Payments from Tax Increment Funds (dollars in thousands)

Fiscal Year	Project Budget	Term of Bonds	Annual Debt Service	Total Payments from Tax Increment Funds Over Term of Bonds*
1995-96	$7,482	23	$751	$17,269
1996-97	$7,501	22	767	16,876
1997-98	7,536	21	787	16,522
1998-99	7,559	20	807	16,143
1999-00	7,598	19	832	15,800
2000-01	7,634	18	858	15,453
2001-02	7,671	17	889	15,110
2002-03	7,709	16	923	14,771
2003-04	7,749	15	962	14,437
2004-05	7,790	14	1,008	14,107
2005-06	8,024	13	1,086	14,118
2006-07	8,264	12	1,177	14,125
2007-08	8,512	11	1,284	14,126
2008-09	8,768	10	1,412	14,121
2009-10	9,031	9	1,568	14,112
Total	**$118,828**			**$227,090***

**Calculation differences in this column, and the difference between the total of $227,090 in total tax increment expenditures shown here, and the $227,086 shown in the table accompanying the paragraph below, are due to rounding factors.*

13. General Fund Impact. The tax increment bonds which would be issued to fund the amended YBC Project plan would create a long-term financial obligation for the City. Tax increment dollars which are committed to financing Redevelopment Projects (which are intended to increase property tax revenues in a project area as a byproduct of the Redevelopment activities) reduce property tax revenues that

would otherwise be available to the taxing authorities such as the City. The impact on the City's General Fund of additional tax increment expenditures is to reduce property tax revenue that would otherwise be available by an amount equal to approximately 64 percent of the tax increment expenditure. The table below shows the use of tax increment funds to retire the additional expected debt for this proposed Amendment to the YBC Redevelopment Plan. As shown below, the expenditure of approximately $227,086,000 in tax increment monies would be funded from approximately $145,336,000 (approximately 64 percent) that would otherwise accrue to the City's General Fund over the 23-year period from Fiscal Year 1995-96 to Fiscal Year 2017-18.

Total Tax Increment Payments (Principal and Interest) and General Fund Share by Fiscal Year

Fiscal Year	Tax Increment Expenditures	General Fund Share
1995-1996	$751,000	$481,000
1996-1997	1,518,000	971,000
1997-1998	2,305,000	1,475,000
1998-1999	3,112,000	1,992,000
1999-2000	3,943,000	2,524,000
2000-2001	4,802,000	3,073,000
2001-2002	5,691,000	3,642,000
2002-2003	6,614,000	4,233,000
2003-2004	7,576,000	4,849,000
2004-2005	8,584,000	5,494,000
2005-2006	9,670,000	6,189,000
2006-2007	10,847,000	6,942,000
2007-2008	12,131,000	7,764,000
2008-2009	13,543,000	8,668,000
2009-2010	15,111,000	9,671,000
2010-2011	15,111,000	9,671,000
2011-2012	15,111,000	9,671,000
2012-2013	15,111,000	9,671,000
2013-2014	15,111,000	9,671,000
2014-2015	15,111,000	9,671,000
2015-2016	15,111,000	9,671,000
2016-2017	15,111,000	9,671,000
2017-2018	15,111,000	9,671,000
TOTAL	**$227,086,000**	**$145,336,000**

Recommendations: **Item 6 - File 91-94-1.1**. The proposed resolution, which would adopt the environmental findings and statement of overriding considerations of the Yerba Buena Center Final Subsequent Environmental Impact Report, is a policy matter for the Board of Supervisors.

Item 7 - File 91-94-1. The proposed ordinance, which would allow the Redevelopment Agency, through the annual budget process, to request up to approximately $145.3 million in future General Fund revenue for projects in the Amended Yerba Buena Redevelopment Plan and other areas over the 23-year period from Fiscal Year 1995-96 to FY 2017-2018, is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

Section (c) Implementation Plan
PART I

PROJECT AREA: Yerba Buena Center
DATE: 6/8/94

Specific Goals and Objectives	Specific Development and expenditures Proposed for the next five (5) years	How will the goals and objectives, development projects, and expenditures eliminate blight?
Complete marketing and development of remaining sites in project area:	Parcel EB2A - 500,000 square foot development Parcel EB2C - 290,000 square foot housing or hotel development CB- Retail/Entertainment Site - 350,000 square foot retail/entertainment complex Parcel 3751-H Supermarket Housing Site - 27,000 square foot supermarket and 204 units of housing Parcel 3763-A - 50,000 square feet of retail, commercial or residential development EB-1 - 492,000 square foot office building CB-1 750,000 square foot office building	These projects, when completed, all represent the completion of the redevelopment of this physically deteriorated and economically depressed area.
Complete construction of publicly-owned children's facilities on Central Block 3	CB-3 Childcare Center, ice-rink/bowling center, children's cultural center, carousel, park	The completion of these facilities will achieve the goal of a mixture of uses in the project area or rehabilitation and new development, and office, hotel, retail, commercial, residential, cultural, and recreational uses.
Oversee development of new facilities for two museums:	The Mexican Museum The Jewish Museum Project Capital Costs = $10,160,000 Personnel & Administrative Costs = $10,000,000	

Line	Revenues	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	Totals
1	Property Sales												0
3	Lease Revenues												0
4	Prior Year's Earn./Savings												0
5	Loan Repayments												0
6	General Fund												0
7	Developer Contributions												0
8	Grants												0
9	Bond Proceeds												0
	Total Revenues	0	0	0	0	0	0	0	0	0	0	0	0
10	Cumulative Revenues	0	0	0	0	0	0	0	0	0	0	0	
11													
12	Costs												
13	-------------												
14	Legal Expenses	25	25	25	25	25	25	25	25	25	25	25	275
15	Studies & Miscel. Items(1)	515	150	150	150	150	150	150	150	150	150	150	2,015
16	Non-Housing Property Acquisi.												0
17	Public Improvements	520	500	500	500	500	500	500	500	500	500		5,020
18	Archi/Eng. Design & Review		175	175	175	175	175	175	175	175	175	175	1,750
19	Rehabilitation Costs												0
20	Relocation Costs		75	75	75	75	75	75	75	75	75	75	750
21	Property Maintenance	25	30	30	30	30	30	30	30	30	30	30	325
22	Housing Prod. & Assist.	6,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,120	57,120
23	Employment Assistance		220	220	220	220	220	220	220	220	220		1,980
24	Business Dev./Revit.		400	400	400	400	400	400	400	400	400		3,600
30	Admin/Personnel	490	907	926	961	984	1,023	1,059	1,096	1,134	1,174	1,215	10,968
31													
32	Total Annual Costs	7,575	7,482	7,501	7,536	7,559	7,598	7,634	7,671	7,709	7,749	7,790	83,803
33	Cumulative Costs	7,575	15,057	22,557	30,093	37,652	45,250	52,884	60,555	68,264	76,013	83,803	
34													
	Annual Surplus(Deficit)	(7,575)	(7,482)	(7,501)	(7,536)	(7,559)	(7,598)	(7,634)	(7,671)	(7,709)	(7,749)	(7,790)	
35	Cumulative Surplus(Deficit)	(7,575)	(15,057)	(22,557)	(30,093)	(37,652)	(45,250)	(52,884)	(60,555)	(68,264)	(76,013)	(83,803)	(83,803)

Explanations:

10/31/94

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, NOVEMBER 16, 1994 - 1:00 P.M. ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

CLERK: MARY L. RED

1. File 118-94-4. [Fees for Animal Care] Ordinance amending the Health Code Sections 41.9 and 41.10 to increase fees charged by the Department of Animal Care and Control for animal adoptions, redemption of impounded animals, spay/neuter deposits and daily care if impounded animals and authorizing Animal Control Officer to charge the actual cost of spaying or neutering impounded animals, to waive any fees in the event of the owner's extreme financial difficulty, and to charge a penalty fee for redemption of animals impounded more than once by animal control. (Animal Care and Control Department)

   ACTION: RECOMMENDED.

2. File 73-94-1. [Embarcadero - Lower Market (Golden Gateway)] Ordinance amending Ordinance No. 301-59 as amended by Ordinances No. 208-61, 196-64, 194-64, 123-67, 204-68, 479-76, and 476-86, approving the Redevelopment Plan for the Embarcadero-Lower Market (Golden Gateway) Redevelopment Project Area, by amending said plan in order to comply with the provisions of the 1993 Community Redevelopment Law Reform Act (AB-1290) by establishing the following time limitations; (1) the time limit for the effectiveness of the Redevelopment Plan as January 1, 2009; (2) the time limit for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 of the California Health and Safety Code by the agency as of January 1, 2004; and (3) the time limit for the agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency as January 1, 2019. (Redevelopment Agency)

   ACTION: RECOMMENDED to full Board on December 5 for public hearing.

3. File 71-94-1. [Amendment to Hunters Point Redevelopment Plan] Ordinance amending Ordinance No. 25-69 as amended by Ordinances No. 280-70 and 475-86, approving the Redevelopment Plan for the Hunters Point Redevelopment Project Area, by amending said plan in order to comply with the provisions of the 1993 Community Redevelopment Law Reform Act (AB-1290) by (1) extending the time limit for the effectiveness of the Redevelopment Plan from January 20, 1999 to January 1, 2009; (2) extending the time limit for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 of the California Health and Safety Code by the agency from January 20, 1999 to January 4, 2004; and (3) establishing January 1, 2019 as the time limit for the agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency. (Redevelopment Agency)

   ACTION: RECOMMENDED to full Board on December 5 for public hearing.

4. File 67-94-1. [India Basin Industrial Park Redevelopment Plan] Ordinance amending Ordinance No. 26-69 as amended by Ordinances No. 474-86 and 141-87, approving the Redevelopment Plan for the India Basin Industrial Park Redevelopment Project Area, by amending said plan in order to comply with the provisions of the 1993 Community Redevelopment Law Reform Act (AB-1290) by (1) extending the time limit for the effectiveness of the Redevelopment Plan from January 20, 1999 to January 1, 2009; (2) extending the time limit for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 of the California Health and Safety Code by the agency from January 20, 1999 to January 1, 2004; and (3) establishing January 1, 2019 as the time limit for the agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency. (Redevelopment Agency)

   ACTION: RECOMMENDED to full Board on December 5 for public hearing.

5. File 151-94-1. [Rincon Point - South Beach Redevelopment Plan] Ordinance amending Ordinance No. 14-81 as amended by Ordinances 50-84, 405-91, 137-92, and 270-92, approving the Redevelopment Plan for the Rincon Point - South Beach Redevelopment Project Area, by amending said plan in order to comply with the provisions of the 1993 Community Redevelopment Law Reform Act (AB-1290) by (1) extending the time limit for the effectiveness of the redevelopment plan from January 5, 2011 to January 5, 2021; (2) extending the time limit for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 of the California Health and Safety Code by the Agency from January 1, 1996 to January 1, 2004; and (3) establishing January 5, 2031 as the time limit for the agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency. (Redevelopment Agency)

   ACTION: RECOMMENDED to full Board on December 5 for public hearing.

6. File 161-94-7. [So. of Market Earthquake Recovery Redevelopment Plan] Ordinance amending Ordinance No. 234-90, approving the Redevelopment Plan for the South of Market Earthquake Recovery Redevelopment Project Area, by amending said plan in order to comply with the provisions of the 1993 Community Redevelopment Law Reform Act (AB-1290) by (1) extending the time limit for the effectiveness of the Redevelopment Plan from June 11, 2000 to June 11, 2010; (2) extending the time for incurring project debt to be repaid from the allocation of taxes pursuant to Section 33670 of the California Health and Safety Code by the agency from June 11, 2000 to June 22, 2010; and (3) establishing June 11, 2020 as the time limit for the agency to receive allocation of taxes pursuant to Section 33670 for the repayment of indebtedness incurred by the agency. (Redevelopment Agency)

   ACTION: RECOMMENDED to full Board on December 5 for public hearing.

7. File 97-94-41.1. [General Assistance Property Level/Income Disregard) Ordinance amending the Administrative Code by amending Sections 20.56.10 and 20.57 relating to General Assistance Allowable personal property and income disregard. (Supervisors Migden, Alioto, Bierman)
(Continued from 11/2)

(Transferred from October 25 meeting of Health, Public Safety & Environment Committee due to FISCAL IMPACT)

ACTION: Consideration continued to November 30.

8. File 30-94-25. [CHIP Program Funds for Fiscal Year 1994-95] Resolution authorizing adoption of the County Description of Proposed Expenditure of California Healthcare for Indigents Program (CHIP) Funds for fiscal year 1994/95 and that the chairperson or duly authorized representative of the Board of Supervisors of the City and County of San Francisco can certify the County Description of Proposed Expenditure of CHIP Funds for fiscal year 1994/95. (Supervisors Alioto, Bierman)

ACTION: RECOMMENDED. (Supervisors Alioto and Bierman added as sponsors)

9. File 65-94-1.1. [Giants Stadium Lease Amendment] Ordinance approving sixth amendment to stadium lease between the City and County by and through its Recreation and Park Commission and the San Francisco Giants. (Supervisors Alioto, Hsieh, Bierman)

ACTION: RECOMMENDED TO BOARD DECEMBER 5 with condition that Recreation and Park Department and the San Francisco Giants amend language in Agreement in three areas: Rent Credits for Stadium Operator Admission Taxes; Rent Credits for Tenant Improvements; and Police Security. (Supervisors Hsieh and Bierman added as cosponsors)

10. File 30-94-24. [Center for Special Problems] Draft Resolution urging the Department of Public Health to request and urging the Mayor to approve supplemental appropriations of $400,000 for fiscal year 1994-95 to restore the offender programs at the Center for Special Problems and assure that the offender programs continue to be administered by the Department of Public Health. (Supervisors Alioto, Hsieh, Bierman)

ACTION: RECOMMENDED. (Supervisor Hsieh added as cosponsor).

11. File 101-94-28. [Appropriation, Dept of Public Works, $300,000] Ordinance appropriating and rescinding $300,000, Department of Public Works, capital projects transferring monies from North Point Treatment Plan Project to Bay Area/San Joaquin Valley Water Reuse Project for fiscal year 1994-95. RO #94099 (Supervisor Alioto)
(Continued from 11/9)

ACTION: RECOMMENDED.

.07

-94

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 MARKET STREET, SUITE 1025
SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

November 14, 1994

TO: Budget Committee

FROM: Budget Analyst Recommendations.

SUBJECT: November 16, 1994 Budget Committee Meeting

Item 1 - File 118-94-4

Department: Animal Care and Control

Item: Ordinance amending the Health Code Sections 41.9 and 41.10 to increase fees charged for animal adoptions, redemptions of impounded animals, spay/neuter deposits and daily care of impounded animals and authorizing the Animal Control Officer to charge the actual cost of spaying or neutering impounded animals, to waive any fees in the event of the owner's extreme financial difficulty, and to charge a penalty fee for redemption of animals impounded more than once by animal control.

Description: Sections 41.9 and 41.10 of the San Francisco Health Code establishes fees charged by the Department of Animal Care and Control.

Under the current law, Animal Control charges $3, plus the cost of a dog license, for the adoption of any dog from their shelter, but charges no fee except for the existing dog license fee of $12 to any owner who surrenders a dog and then later returns to reclaim it. Animal Control also charges $3 for the adoption of any cat, rabbit, bird or other small animal and $10 for the redemption of any cat, rabbit, bird or other small animal impounded by Animal Control. Animal Control may waive the redemption fee for owners who demonstrate

extreme financial difficulty. In addition, an owner must pay a $20 deposit for each dog or cat spayed or neutered and $2 per day for the daily care and feeding of the animal in the shelter. Currently, Animal Control may also charge owners the actual cost of any extraordinary expense incurred while sheltering their animals. According to Mr. Carl Friedman, Director of Animal Care and Control, examples of extraordinary expenses are instances in which an animal is struck by an automobile and surgery is required or an animal has cuts and suturing is required.

The proposed ordinance would amend the Health Code to increase the fee for adoption of dogs, cats, rabbits, birds or other small animals from $3 to $5, begin charging a $5 fee for owners who surrender and then reclaim their dogs, increase from $10 to $15 the fee for redeeming impounded cats, rabbits, birds or other small animals, increase from $20 to $25 the spay/neuter deposit for dogs and cats, and increase from $2 to $5 the fee for daily care of impounded animals. The proposed fees will be effective on January 1, 1995.

Under the proposed Ordinance, Anima! Control may charge a penalty for release of any animal impounded more than once, in the amount of $30 or two times the proposed redemption fee of $15 for the second impoundment and in the amount of $45 or three times the proposed redemption fee for three or more impoundments. Presently there is no such penalty charged, as previously noted. Animal Control is authorized to waive any fee for the release of an animal if the owner demonstrates extreme financial difficulty. Finally, Animal Control may charge owners for the actual cost of spaying or neutering any impounded animal estimated at $25 instead of the present fee of $20.

The following table compares the existing fees and the proposed fees of the Animal Care and Control Department:

Type of Service	Existing Fees	Proposed Fees	FY '93-'94 Annual Revenues	FY '94-95 Estimated Annual Revenues	Estimated Annual Revenue Increases
Adoption					
For each dog	$3	$5			
For each cat	$3	$5			
For each rabbit, bird or small animal	$3	$5			
Surrender and reclaiming of dog	$0	$5			
Total Adoption			$6,969	$13,969	$7,000
Redemption					
For each cat	$10	$15			
For each rabbit, bird or small animal	$5	$15			
Total Redemption			12,150[1]	14,150	2,000
Spay/Neuter Deposit[2]					
For each dog	$20	$25			
For each cat	$20	$25			
Daily Care					
For each dog	$2	$5			
For each cat	$2	$5			
For each rabbit, bird or small animal	$2	$5			
Total Daily Care			4,794	9,794	5,000
Totals			$23,913	$37,913	$14,000

Comments: 1. According to Mr. Carl Friedman, Director of Animal Care and Control, the waiver of fees for extreme financial difficulty occurs when the owner of the impounded animal is homeless or is poor. The waiver is granted at the discretion of an Animal Control Clerk and is reviewed by a Supervisor to insure that there are no abuses of the waiver process.

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[1] Animal Care and Control does not track fees per type of animal but only fees per type of service.

[2] These fees are not revenue to the department but rather are deposits which are collected when an animal is adopted and are returned to the animal owner when he/she produces proof that the animal has been altered.

2. The $14,000 increase in estimated revenue from the proposed ordinance has already been included in the 1994-95 budget estimates. The budget assumption was that the fee increase would be effective July 1, 1994. According to Mr. Friedman, the Department believes that there are other variables, such as an increase in the number of adoptions, that will allow the department to make up the estimated $7,000 shortfall that will result from a January 1, 1995 implementation date.

3. According to Mr. Friedman, the reason for the proposed increase in fees is that the current fees are low by comparison with similar fees charged by seven other counties.

4. Mr. Friedman reports that his Office conducted a survey of the fee structure in the counties of Marin, San Mateo, Contra Costa, Santa Clara, Santa Cruz, Sonoma and Alameda. Attached is a copy of the survey provided by Mr. Friedman which includes the existing fees for San Francisco as compared with the fees charged in the seven other surveyed counties.

Recommendation: Based on the fact that the proposed fee increases were included in the Fiscal Year 1994-95 budget that was previously adopted by the Board of Supervisors, approve the proposed ordinance.

Attachment

BAY AREA ANIMAL SHELTER FEES

Update 5/11/94

CATS	Adoption Altered	Adoption Unaltered	Redemption # Impounds	License Altered	License Unaltered	S/N Deposit	Keep Per Day	Owner Surrender	Owner Req. Euthanasia
Alameda	5	5	25	0	0	*15/26	7	20	20
Fremont	15	*25/40	20	**8/12/14	**16/24/28	*10/25	5	20	20
Hayward	12	*18.5-46	15	0	0	0	3	0	0
Marin	12	12	0	0	0	20	5	20	35
Monterey	15	15	15/30/60/120	0	0	*22/32	5	15	20
Oakland AC	12	12	25/50/75	0	0	0	5	0	0
Oakland SPCA	20	50	20	0	0	0	0	10	15
Palo Alto	10	10	20	0	0	*20/30	7	0	25
PHS	12	10	15/25/50	5	15	25	7	10	30
Santa Clara	23	*48/53	25	5	15	0	7	0	0
Santa Cruz	10	5	0	1	1	*25/40	0	0	20
SFACC	3	3	10	5	5	20	2	0	0
Sonoma Co. AC	*25/30	10	5	5	5	*15/20	2	10	10
Sonoma Co. HS	10	10	10	0	0	*20/25	3.5	30	20

DOGS	Adoption Altered	Adoption Unaltered	Redemption # Impounds	License Altered	License Unaltered	S/N Deposit	Keep Per Day	Owner Surrender	Owner Req. Euthanasia
Alameda	10	10	25	***3 - 22		30	7	20	20
Fremont	15	15	20/40/60	**8/12/20	**16/24/28	*25/30	6	20	20
Hayward	23	*57/61	25	2	**10/-/20	0	4	0	0
Marin	20	20	35/50/75	**7/13/18	**20/39/57	30	10	20	40
Monterey	15	15	15/30/60/120	7.5	17	*40/45	5	15	20
Oakland AC	17	17	25/50/75	**5/10/13	10/20/26	0	5	0	0
Oakland SPCA	30	50	20	0	0	0	0	10	15
Palo Alto	10	10	20/35/45/85/100	0/0/***5-2	0/0/***6-36	38/44	12	0	37.5
PHS	20	18	30/60/90	10	20	35	10	10	30
Santa Clara	23	63	35	10	25	0	10	0	0
Santa Cruz	5	10	15/30/75/125	12	24	40	0	0	20
SFACC	3	3	15	**6/12/18	**12/24/36	20	2	0	0
Sonoma Co. AC	20	20	25/50/100	7	14	30	5	10	10
Sonoma Co. HS	*55/65	20	25/50/100	7	14	25	7.5	30	***20-65

OTHER ANIMALS	Adoption Altered	Adoption Unaltered	Redemption # Impounds	License Altered	License Unaltered	S/N Deposit	Keep Per day	Owner Surrender	Owner Req. Euthanasia
Alameda	***5->25	***5->25	0	0	0	0	7	20	20
Fremont	5	5	5/10/15	0	0	0	2	20	20
Hayward	***5+	***5+	15	0	0	0	3	0	0
Marin	***3/5/8	***3/5/8	0	0	0	0	5	5	15
Monterey	5	5	0	0	0	0	5	5	***5/10
Oakland AC	12	12	25/50/75	0	0	0	***5/10	0	0
Oakland SPCA	10	***10/30	20	0	0	0	3.5	30	***5/10
Palo Alto	***5/10	***5/10	10	0	0	0	7	0	25
PHS	***3/5	***3/.5	***5-50	0	0	0	***1.5-8	***10-25	***10-30
Santa Clara	5	5	25	0	0	0	2	10	10
Santa Cruz	***2.5/3/5	***2.5/3/5	15/30/75/125	0	0	0	***2/4/5/10	0	***5/10
SFACC	3	3	10	0	0	0	2	0	0
Sonoma Co. AC	2/5	2/5	5	0	0	0	2	10	10
Sonoma Co. HS	***5/10	***5/10	10	0	0	0	3.5	30	***5/10

Fees vary according to sex of animal.

** Annual fee for 1 3 years*

***Fees vary according to type/age/weight of animal*

Items 2, 3, 4, 5 and 6 - Files 73-94-1, 71-94-1, 67-94-1, 151-94-1 and 161-94-7

1. The Community Redevelopment Law Reform Act, which was adopted by the State Legislature in 1993, mandates amendments for Redevelopment Plans containing tax increment financing provisions by establishing time limits for (a) performing redevelopment activities, (b) incurring debt and (c) receiving tax increments for the repayment of debt.

2. The proposed ordinances would approve amendments to the Redevelopment Plans for the Embarcadero - Lower Market (Golden Gateway) Redevelopment Project Area (File 73-94-1), the Hunters Point Redevelopment Project Area (File 71-94-1), the India Basin Industrial Park Redevelopment Project Area (File 67-94-1), the Rincon Point - South Beach Redevelopment Project Area (File 151-94-1), and the South of Market Earthquake Recovery Redevelopment Project Area (File 161-94-7) by (a) extending or reducing the time limits for the performance of redevelopment activities; (b) extending the time limits for incurring project debts to be repaid by the San Francisco Redevelopment Agency from tax increment funds; and (c) establishing time limits for the Redevelopment Agency to receive tax increment funds for the repayment of indebtedness incurred by the Redevelopment Agency, as follows:

Redevelopment Plan	Time Extension/ Reduction for Performance of Redevelopment Activities From	To	Time Extension for Incurring Debt From	To	Time Limit to Receive Tax Increment Funds
Embarcadero - Lower Market (Golden Gateway)	October 6, 2010	January 1, 2009	May 25, 1989	January 1, 2004	January 1, 2019
Hunters Point	January 20, 1999	January 1, 2009	January 20, 1999	January 1, 2004	January 1, 2019
India Basin Industrial Park	January 20, 1999	January 1, 2009	January 20, 1999	January 1, 2004	January 1, 2019
Rincon Point - South Beach	January 5, 2011	January 5, 2021	January 1, 1996	January 1, 2004	January 5, 2031
South of Market Earthquake Recovery	June 11, 2000	June 11, 2010	June 11, 2000	June 22, 2010	June 11, 2020

3. **Item 6, File 73-94-1** - In accordance with the existing Redevelopment Plan for the Embarcadero - Lower Market (Golden Gateway) Project Area, project activities are scheduled to expire on October 6, 2010. This proposed ordinance would change this expiration date to January 1, 2009. Further amendments to the

Redevelopment Plan, as required by State law, include the extension of time for incurring project debt from May 25, 1989 to January 1, 2004 and the designation of January 1, 2019 as the time limit to receive tax increment funds for the repayment of debt (there is currently no time limit). The Redevelopment Agency proposes to use the time remaining to complete plan elements, including the improvement of presently vacant and unused parcels and the redesign of the plaza located at the former site of the Embarcadero Freeway.

4. **Item 7, File 71-94-1** - Project activities at the Hunters Point Redevelopment Project Area are currently scheduled to expire on January 20, 1999, in accordance with the existing Hunters Point Redevelopment Plan. This proposed ordinance would change this expiration date to January 1, 2009. Further amendments to the Redevelopment Plan, as required by State law, include the extension of time for incurring project debt from January 20, 1999 to January 1, 2004 and the designation of January 1, 2019 as the time limit to receive tax increment funds for the repayment of debt (there is currently no time limit). The Redevelopment Agency proposes to use the time extensions to complete plan elements, including the construction of additional townhouses and housing units, the repair of Shoreview Park for conveyance to the Recreation and Park Department and the conveyance of open space areas located within or adjacent to existing housing developments.

5. **Item 8, File 67-94-1** - Under the existing Redevelopment Plan for the India Basin Industrial Park Redevelopment Project Area, project activities are scheduled to expire on January 20, 1999. This proposed ordinance would move back this expiration date to January 1, 2009. Further amendments to the Redevelopment Plan, as required by State law, include the extension of time for incurring project debt from January 20, 1999 to January 1, 2004 and the designation of January 1, 2019 as the time limit to receive tax increment funds for the repayment of debt. The Redevelopment Agency proposes to use the time extensions to complete plan elements, including the repair and maintenance of streets and sidewalks, landscaping, the paving of parking areas and the continuation of activities to reduce unemployment and increase business ownership opportunities.

6. **Item 9, File 151-94-1** - The current expiration date for the performance of project activities for the Rincon Point - South Beach Redevelopment Project Area is January 5, 2011, in accordance with the existing Redevelopment Plan. The proposed ordinance would change this expiration date to January 5, 2021. Further amendments to the Redevelopment Plan, as required by State law, include the extension of time for incurring project debt from January 1, 1996 to January 1, 2004 and the designation of January 1, 2031 as the time limit to receive tax increment funds for the repayment of debt. The Redevelopment Agency proposes to use the time extensions to complete the following plan elements: (a) the construction of an office building at Rincon Point; (b) the re-routing and improvement of The Embarcadero; (c) the development of the Rincon Point Waterfront Park; (d) the construction of housing units in South Beach; (e) the rehabilitation of several warehouses in South Beach; (f) the improvement of Pier 40 and the construction of

either an office building or a small hotel; (g) the development of the South Beach Waterfront Park; and (h) the development of other sites in South Beach.

7. **Item 10, File 161-94-7** - In accordance with the existing Redevelopment Plan for the South of Market Earthquake Recovery Project Area, project activities are scheduled to expire on June 11, 2000. This proposed ordinance would change this expiration date to June 11, 2010. Further amendments to the Redevelopment Plan, as required by State law, include the extension of time for incurring project debt from June 11, 2000 to June 22, 2010 and the designation of June 11, 2020 as the time limit to receive tax increment funds for the repayment of debt. The Redevelopment Agency proposes to use the time extensions to complete plan elements, including the construction of housing units, the rehabilitation of housing units in the Hugo Apartments building, the Rose Hotel and the Seneca Hotel buildings, economic development activities, and the improvement of sidewalks, streets, street lighting and public facilities.

Comments

1. Expenditures for all of the above project activities will be detailed in future Redevelopment Agency budgets, which must be approved by the Board of Supervisors on an annual basis.

2. According to Mr. Tom Conrad, Chief of Planning and Programming for the Redevelopment Agency, the purpose of the proposed ordinances is to comply with the State Community Redevelopment Law Reform Act, which requires the Board of Supervisors to establish the proposed time extensions and limits by December 31, 1994. Mr. Conrad advises that the effect of the proposed legislation is to provide the Redevelopment Agency with additional time to perform redevelopment activities and to incur and repay debt. Whether additional debt will be incurred in the future for the purpose of performing redevelopment activities at the foregoing sites is not known at this time, but such a decision would be subject to the separate, future legislative approval of the Board of Supervisors, according to Mr. Conrad.

Recommendation

Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

Item 7 - File 97-94-41.1

Note: This item was continued by the Budget Committee at its meeting of November 2, 1994.

Department: Department of Social Services (DSS)

Item: Draft ordinance amending Administrative Code by amending Sections 20.56.10 and 20.57, relating to General Assistance allowable personal property and relating to the Income Disregard Program.

Description: Section 20.56.10 of the Administrative Code, entitled Allowable Personal Property, currently provides that any person who has cash in excess of the current monthly General Assistance (GA) grant for a single individual of $345 is ineligible to apply for General Assistance. Furthermore, for any person who has cash of less than $345, the entire amount of such cash is entirely offset against the current monthly GA grant of $345. However, if a portion of those cash assets are in a savings and/or checking account, up to $25 of that amount in the savings and/or checking account is exempted from being used to offset the GA grant. For example, under current legislation, a person who has $25 in a savings account can still receive the maximum GA grant of $345, since none of that $25 is used to offset the GA grant. However, if a GA recipient has $300 in cash, none of which is contained in a savings or checking account, the entire amount of $300 must be used to offset the GA grant, so that the person would be eligible to receive only $45 ($345 less $300) for one month of GA aid. However, if $25 of that $300 in cash were in a savings account, the person would be eligible to receive a GA grant of $70, which is equivalent to the maximum GA grant of $345 less $275 ($300 in total cash less $25 in savings).

The proposed ordinance would amend Section 20.56.10 to allow a person applying for GA to have up to $345 in cash, savings or in a checking account without any of that amount being used to offset the monthly GA grant of $345. In addition, the proposed amendment would provide that any amount in cash, savings or in a checking account in excess of $345 would be used to offset the monthly GA grant on a dollar-for-dollar basis. For example, under the proposed legislation, if a person had $300, regardless of how much of that $300 was in cash, savings or in a checking account, none of that $300 would be applied to offset the monthly GA grant of $345. As such, a single individual would be eligible to

receive the maximum GA grant of $345. However, if that person had $600 in cash, savings or in a checking account, he or she would still be eligible to receive a GA grant, but $255 (the amount in excess of $345) of that $600 would be offset against the GA grant, so that the person could only receive $90 of GA aid for that month.

According to the Department of Social Services (DSS), the proposed legislation would (1) increase the pool of eligible GA participants because persons with more than $345 in liquid assets would become eligible to apply for GA; and (2) increase the average length of time that a person would receive GA payments, since a person with cash assets of more than $345 would be eligible to apply for GA aid sooner and would not necessarily stop receiving GA aid earlier, and clients who already receive GA payments and who would otherwise be discontinued for assets in excess of $345 might remain on GA aid for a longer period of time.

According to Mr. Antoine Moore of DSS, DSS estimates that this proposed amendment pertaining to the personal property limit would increase the cost of the GA Program by approximately $69,000 annually.

Section 20.57 (b) of the Administrative Code requires GA recipients to complete either 20 verifiable job applications per month and/or participate in Department-approved job counseling, vocational rehabilitation, drug or alcohol treatment or a work assignment program in order to continue receiving GA payments. The proposed ordinance would amend Section 20.57 (b) to clarify the definition of verifiable job applications by specifically defining the completion of verifiable job applications as (1) sending resumes and cover letters to apply for positions for which the recipient meets the minimum qualifications, with copies of these documents and the telephone number of the prospective employer provided to DSS; and (2) participation in union hiring hall programs that make use of telephone job searches for currently available positions.

Section 20.57 (h) of the Administrative Code established the Income Disregard Program in order to provide a work incentive for GA recipients. The Income Disregard Program operates by disregarding a certain amount of an employed GA recipient's monthly gross income when determining the recipient's GA continuing eligibility and grant amount. As such, a GA recipient is permitted to earn income and still receive a partial GA grant.

Presently, a person can receive up to $610 per month in gross income and still receive a grant. Under the Income Disregard Program, DSS disregards up to $270 of the person's monthly gross income in determining the amount of the recipient's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income is offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a single individual recipient earning $610 per month would be equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($610 less $270). Therefore, $345 less $340 equals a monthly GA grant of $5, as reflected in the table below.

(1) Gross Monthly Salary	(2) Income Disregard	(3) Amount Offsetting GA Grant (Col. 1 - Col. 2)	(4) Maximum GA Grant ($345 - Col. 3)
$100	$100	$0	$345
200	167	33	312
300	217	83	262
400	250	150	195
500	270	230	115
610	270	340	5

The proposed ordinance would amend Section 20.57 (h) of the Administrative Code to increase the income disregard limit from a maximum of $270 to a maximum of $454. Thus, DSS would disregard up to $454 of a single individual recipient's monthly gross income in determining the amount of the person's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income would then be offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a person earning $794 per month would be $5, which is equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($794 less $454). Therefore, under existing legislation, a single individual recipient can earn up to $610 per month and still receive a GA grant, but under the proposed legislation, a person could earn up to $794 per month and still receive a GA grant, as shown in the following table:

(1) Gross Monthly Salary	(2) Income Disregard	(3) Amount Offsetting GA Grant (Col. 1 - Col. 2)	(4) Maximum GA Grant ($345 - Col. 3)
$200	$200	$0	$345
350	300	50	295
500	375	125	220
650	425	225	120
794	454	340	5
800	455	345	0

According to Mr. Moore, the proposed legislation that would increase the income disregard limit from $270 to $454 could potentially generate savings for the City, but only if the proposed legislation leads to an increase in the average monthly earnings of an employed GA recipient and to an increase in the number of GA recipients participating in the Income Disregard Program for the following reasons: (1) as the average monthly income increases, the average GA grant should decline since the GA grant would be offset by the GA recipient's higher monthly earnings, and (2) if the number of GA recipients participating in the Income Disregard Program increases, a larger percentage of the total GA caseload would likely receive less than the maximum GA grant of $345 per month.

Mr. Moore advises that the average monthly income of Income Disregard Program participants is $244 per month. Mr. Moore estimates that (1) given that the number of participants in the Income Disregard remains constant, the average monthly income would have to increase by at least $118 from the current average monthly income of $244; or (2) given that the average monthly income remains constant, the number of GA recipients participating in the Income Disregard Program would have to increase by at least 846 from the current participation rate of 564, for the City to realize savings in the GA Program. However, Mr. Moore advises that there is presently no way of knowing whether the proposed increase in the income disregard limit would have these two effects.

If these two effects are not achieved, Mr. Moore advises that the increased income disregard limit would most likely increase the cost of General Assistance because, at each level of earnings, a greater amount of the person's income could be

disregarded and less of the person's income would be used to offset the GA grant, thereby resulting in an increase in the average grant amount. The table below illustrates, for a single individual recipient, the potential costs to the City of increasing the income disregard limit.

Gross Monthly Salary	Maximum GA Grant Under Current Legislation	Maximum GA Grant Under Proposed Legislation	Increase in Cost to City Per Single Individual Recipient Per Month
$100	$345	$345	$0
200	312	345	33
300	262	312	50
350	229	295	66
400	195	270	75
500	115	220	105
610	5	147	142
650	0	120	120
794	0	5	5
800	0	0	0

Mr. Moore advises that of the approximately 564 current GA recipients participating in the Income Disregard Program per month, approximately 376 persons do not receive a full GA grant. The average gross income for these 376 GA recipients is approximately $300 per month. As such, the potential cost to the City of amending Section 20.57 (h) of the Administrative Code to increase the income disregard limit is approximately $18,800 per month (376 participants x a potential cost per month, per participant of $50, as reflected in the table above), or $225,600 annually.

In addition, DSS advises that the pool of eligible Income Disregard Program participants would most likely increase as a result of the increased income disregard limit. This increase would occur because, under existing legislation, a person would be ineligible to receive a grant if his or her gross earnings exceeded $610 per month, whereas under the proposed legislation, a person earning up to $794 per month would still be eligible to receive a GA grant.

In addition, under the existing legislation, up to $1,500 in savings derived from the gross earnings of an employed GA recipient may be disregarded during the GA recipient's participation in the Income Disregard Program and for up to

three months after the GA recipient's participation in the Program, if the GA recipient becomes unemployed. The proposed legislation would amend this provision by increasing the amount of savings which can be disregarded when determining the GA recipient's continuing eligibility and grant amount from $1,500 to $2,000.

According to Mr. Moore, this proposed amendment would likely increase the City's costs of the GA Program by increasing the average length of time that a person would receive GA payments. However, as of the writing of this report, Mr. Moore was unable to estimate the amount of the potential additional costs to the City as a result of this provision.

In summary, according to DSS estimates at this time, the potential additional costs of the proposed ordinance to the City are $294,600 per year ($69,000 in potential additional costs by increasing the personal property limit plus $225,600 in potential additional costs by increasing the income disregard limit).

Comments:

1. According to Ms. Sally Kipper of DSS, DSS supports the proposed amendment to clarify the definition of a verifiable job search application. In addition, regarding the proposed amendment to increase the personal property limit, Ms. Kipper advises that DSS supports an increase to $100 as the amount of liquid assets that would be exempted from being used to offset the monthly GA grant, but does not support the proposed increase to $345, which would likely increase the costs of the GA Program.

Furthermore, regarding the proposed increase in the income disregard limit, Ms. Kipper advises that DSS does support the concept of creating incentives to obtain permanent employment and to exit public aid, but that the existing Income Disregard Program already costs the City $400,000 annually.

2. According to Mr. Ed DeBerri of the St. Anthony Foundation, the St. Anthony Foundation concurs with DSS's cost estimate of $69,000 resulting from the proposed increase in the personal property limit. However, the St. Anthony Foundation believes that the proposed amendment pertaining to the personal property limit would also generate savings to the City of approximately $286,000 per year, as the result of a reduction in the GA caseload and in administrative costs. Thus, the St. Anthony Foundation

estimates a net savings to the City of $217,000 per year ($286,000 less $69,000) by increasing the personal property limit.

The Budget Analyst concurs with DSS and the St. Anthony Foundation in estimating that the increased personal property limit would likely cost the City an additional $69,000 per year. However, the Budget Analyst agrees with DSS in that, in our judgment, it is unlikely that the proposed increase in the personal property limit would also generate savings to the City that would offset this cost.

3. In addition, according to Mr. DeBerri, the St. Anthony Foundation also concurs with DSS's cost estimate of $225,600 resulting from the proposed increase in the income disregard limit. However, the report by the St. Anthony Foundation estimates that the proposed increase in the income disregard limit would also generate first-year savings to the City of $430,046 by (a) increasing Income Disregard participation; (b) increasing the number of GA recipients who report income to DSS; and (c) reducing the GA caseload. Thus, the St. Anthony Foundation estimates a net savings to the City of $204,446 per year ($430,046 less $225,600) by increasing the income disregard limit.

The Budget Analyst concurs with DSS and the St. Anthony Foundation in estimating that the increased income disregard limit would likely result in additional costs to the City of $225,600 per year. The Budget Analyst also concurs with DSS and the St. Anthony Foundation in that the proposed increase in the income disregard limit could result in a savings to the City if it leads to an increase in (a) the average monthly earnings of an employed GA recipient; and (b) the number of GA recipients participating in the Income Disregard Program. However, the Budget Analyst concurs with the DSS statement that it is uncertain at this time whether or not the proposed increase in the income disregard limit would have these two effects.

4. In summary, the St. Anthony Foundation estimates that the City would realize an overall net savings of $421,446 in the first year ($217,000 by increasing the personal property limit plus $204,446 by increasing the income disregard limit) as a result of the proposed ordinance. However, as noted above, DSS believes that the proposed ordinance could result in potential additional costs to the City of $294,600 annually from these two measures. DSS further reports that if the proposed ordinance leads to an increase in the average

monthly earnings of an employed GA recipient and to an increase in the number of GA recipients participating in the Income Disregard Program, then the proposed increase in the income disregard limit could generate savings for the City. However, both the DSS and the Budget Analyst cannot conclude with any certainty that GA recipient earnings and the number of GA recipients participating in the Income Disregard Program would in fact increase.

5. Attachment 1 is a letter from Mr. Brian Cahill, the General Manager of DSS, which compares DSS's cost/benefit calculations to the St. Anthony Foundation's cost/benefit calculations.

6. Attachment 2 is a letter from Mr. Stephen Bingham of the San Francisco Neighborhood Legal Assistance Foundation which contains comments regarding DSS's cost/benefit calculations.

7. As of the writing of this report, the St. Anthony Foundation had not provided a written explanation of the methodology it used in arriving at its cost and savings estimates.

8. According to the Office of the Author, the Author has requested that this item be continued to the Budget Committee meeting of November 30, 1994.

Recommendation: As requested by the Author, continue the proposed ordinance to the Budget Committee meeting of November 30, 1994.

ity and County of San Francisco Department of Social Services

Brian F. Cahill
General Manager

Assistant General Managers
Sally Kipper
Pat Reynolds
John R. Vera

ASSET LIMIT
11/8/94

DSS POSITION:

* Raising the General Assistance asset limit from $25 to $345 would increase costs to the County approximately $70,000.

* We are willing to raise the asset limit to $100, which would raise costs by only approximately $10,000.

We believe that raising the exemption:

* increases the number of eligible applicants
* prolongs the average length of time a client stays on aid.
* is not likely to result in significant savings.

CALCULATION OF SAVINGS:

* St. Anthony estimates that raising the asset limit would save the County $286,000. We disagree.

St. Anthony's position:

St. Anthony's savings estimates derive from:

1) Decrease in staff time on reapplications and hearings ($22,000).

2) Clients exiting GA earlier ($264,000)

St. Anthony estimates 800 clients would exit GA one month earlier.

[800 clients * $330 avg grant /mo. = $264,000]

DSS's position:

1) Staff time. While staff may spend less time on reapplications, the County does not save actual dollars. Staff will put their time into other activities needed to manage the highest caseloads in the Bay Area.

2) Early exits. We agree with the assumption that approximately 800 clients have assets of more than $25 but less than $345. However, we believe that liberalizing the program will result in clients remaining on aid, rather than being discontinued.

There is no evidence to suggest that raising the asset limit will allow anyone to leave public assistance one

month early. Current income disregard clients, who have jobs and a somewhat higher standard of living, stay on aid the same length of time as other GA clients who do not work. And they are allowed to save up to $1,500. The Department does not believe that all clients with assets between $25 and $345 would be able to leave one month early. St. Anthony's estimates assume that every client would exit, on average, one month earlier.

CALCULATION OF COSTS:

DSS's position:

* Raising the asset limit allows clients to apply sooner and remain on aid longer.

Approximately 800 clients were denied or discontinued last year for assets between $26 and $345. Clients with assets greater than $25 are not eligible to apply until the assets can be spent down. Under St. Anthony's proposal these clients would remain eligible.

* GA payments are approximately $11.50 a day.

St. Anthony's position:

St. Anthony's agrees with the Department's cost estimates.

Formula -

1) Determine the number of potential extra days on aid.
2) Find the average cost / day for early eligibility
3) Multiply average cost by the estimated number of additional people.

EX: $345 - 25 = $320 $320 / $11.50 = 28 extra days

Each additional day is $11.50. Assuming an equal distribution of clients across days, the average cost is the average cost for all days between the 1st and the 28th day.

Sum of the cost of all extra days / total number of extra days = average additional cost. Average cost is $86.25

Multiply average cost by the number of additional people.

$86.25 * 800 = $69,000

City and County of San Francisco Department of Social Services

Brian F. Cahill
General Manager

Assistant General Managers
Sally Kipper
Pat Reynolds
John R. Vera

INCOME DISREGARD
11/8/94

DSS POSITION:

* The increased cap may produce a cost or savings, depending on the number of people in the program and the amount clients earn, on average.
* Much uncertainty surrounds the income disregard program, and the Department would prefer to put off raising the disregard for a year to see whether the economy continues to grow stronger.

Increasing the income disregard cap

* would allow clients to retain more of their earnings than they can currently at each level of earnings beyond $100.
* could prolong the length of time some clients stay on aid (i.e. those who currently make between $610-$800 are presently discontinued for excess income, but would not be if the cap goes up).

COMPARISON OF COST/ SAVINGS:

DSS and St. Anthony differ in their approach to calculating cost and savings estimates. St. Anthony estimates the County will save more than $236,000 by raising the income disregard limit. Their estimates are based on projections of

1) increase in the number of clients participating in IDP and
2) an increase in IDP clients who will leave public aid

They estimate that IDP's participation rate will increase 27% and the total GA caseload will decrease 15%. Both estimates appear to be somewhat arbitrary and do not appear to be grounded in any substantive data or analytical framework. One cannot know whether additional clients will be motivated to find jobs or to what extent.

Because of such uncertainty, DSS's estimates are based on what would have to happen to make the disregard program cost-neutral. The Department then determined how reasonable such scenarios are based on current circumstances.

The Department conducted an analysis of the current disregard program. The results were as follows:

- About 564 people participate in IDP each month
- The average grant for these clients is $290.
- The average wage of IDP clients is $244.
- The average IDP client remained on GA an average of 5 1/2 to 8 months in a year.
- Of that time, approximately 3 - 4 1/2 months was spend in the income disregard program.

- Approximately 10 clients were discontinued each month for excess earnings above $610.
- Approximately 60% of those clients earned more than $800 a month. Average earnings were $1,050/ mo.
- Those who were discontinued for excess earnings spent roughly the same amount of time on aid as other IDP clients.

DSS'S FINDINGS:

* To produce savings, the proposal must produce both an increase in average earnings, and an increase in the number of clients who participate. If one happens without the other, it would take an extremely high level of increase to produce cost-neutrality.

* If participation and earnings remain the same, the increase in the disregard could increase costs by $225,600. Under the proposed change, those who make more than $100 will retain more of their earnings and receive a higher grant.

* There is an additional unknown cost for those clients who currently earn between $610 and $800. Based on current estimates, for each additional month on aid, these clients will cost the County an additional $3,072.

* There is an additional unknown cost for raising the savings limit from $1,500 to $2,000. For each client who is currently discontinued because of having savings in excess of $1,500 (but less than $2,000) the county will pay $345 for each month they remain on aid.

CALCULATIONS:
* 564 people participated in IDP
* 67% of those (or 376) do not receive the full grant
  - their average grant is $262.
  - their average earnings are $299.
* 33% receive a full grant (of $345)
* Based on current average earnings, clients who do not receive a full grant would receive an increase of $50, on average, in their grants.

Formula -

376 * $50 * 12 mo's = $225,600

SAN FRANCISCO
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GOVERNMENT BENEFITS UNIT
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November 8, 1994

Harvey M. Rose
Budget Analyst's Office
S.F. Board of Supervisors
1390 Market St., Ste. 1025
San Francisco, CA 94102

Re: Item 9 of 10/25/94 Health, Public Safety and Environment Committee Meeting, File 97-94-41.1 (G.A. Allowable Personal Property and Income Disregard Program)

Item 10, File 97-94-41.2 (GA Employer Wage Subsidy Program)

Dear Mr. Rose:

At your invitation, I am forwarding comments about the cost/benefit calculations furnished by the Department of Social Services to you with respect to the above-captioned matter.

Your Report of October 25 analyzes the fiscal impact of the cited GA reform proposals. In doing so, it cites cost estimates provided by DSS although it also notes that these estimates are based on assumptions which are not particularly reliable or fact-based. The following are comments on assumptions made by Antoine Moore of SFDSS which resulted in the cost/savings estimates referred to but not endorsed by you. I do not attempt to offer alternative costs/savings figures as I do not believe this is possible to do so without better tracking of GA recipients' work behavior. I only discuss invalid assumptions or valid assumptions which were ignored.

Income Disregard Program

In estimating costs, SFDSS makes a number of unwarranted assumptions:

1. SFDSS assumes that those on IDP will stay on GA the same amount of time, regardless of whether the IDP formula is liberalized. However, the typical GA recipient may go on and off

aid several times as s/he gets hired/fired/rehired. Extremely low-paying jobs are like that. The types of jobs currently unavailable to IDP participants because they pay too much are jobs which are more likely to lead to permanent employment, which in turn will result in one having no further need for GA and a consequent cost savings for CCSF.

Furthermore, data might also show a greater effort made by relatively marginal employable people to find work, since the reward would be greater. It is unfortunate that DSS does not keep the kind of data which would help us evaluate how the disregard program works, even though the ordinance explicitly requires it to do so.

While I am unaware of national data in the GA area, there have been interesting studies showing how AFDC recipient work behavior is influenced by how much "work pays." Mark Greenberg, one of the Nation's leading welfare reform advocates reports the following:

* A New York experiment liberalizing earned income disregard rules resulted in average monthly earnings which were 27% higher than a control group.[1]

* Michigan's liberalization of the earned income disregard rules in 1992 resulted in the percentage of earned income cases in the total caseload rising from 15.7% to 23.3%.

* Utah and Illinois have experienced similar results.

2. DSS thinks only in terms of total GA grant expenditure. Ignored is the fact that because of higher monthly income, those on IDP can pay more for rent, thus freeing up scarce $260-$280/mo. SRO housing.

3. The report also ignores that those with more income spend more. Poor people spend 100% of their income. That helps the overall economy more than might be expected through the operation of the "multiplier effect" which measures how one dollar is respect several times, resulting in economic activity substantially more valuable than the one dollar itself.

4. Finally, IDP changes should be viewed in the context of the new employer incentive ordinance. This improvement in IDP will presumably open up more opportunities for those in IDP to move into full-time employment. It might even be possible to set up the Employer Wage Subsidy program so that it gives preference to those in the IDP.

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[1] Hamilton, Curstein, Hargreaves, Moss and Walker, **The New York State Child Assistance Program: Program Impacts, Costs, and Benefits** (Abt Associates, July 1993).

Allowable Personal Property

Mr. Moore of DSS argues that increasing the asset limit will simply mean that somone will be able to apply for GA sooner since available resources will not have to be spent down to $25. Consequently, he argues, that person will receive aid longer, the period being measured by the number of days earlier s/he can apply.

Such an assumption is absurd. It is at least as reasonable to assume that not requiring someone to go into utter destitution before applying for GA will result in that person being able to stablilize his/her situation sooner and consequently leave the GA program, thus saving CCSF money. At SFNLAF we have seen clients who are evicted because they have used up all of their resources before being able to apply for GA and are unable to pay their rent. While SFDSS regulations permit the issuance to the landlord of an emergency rent check if such a situation is imminent, many GA applicants are unaware of such a possibility and consequently do not alert their intake workers.

Wage Subsidy Program

I have only one comment to make since there seems little disagreement that this program is worthwhile. Your report noted the calculations of SFDSS with respect to a reduction by four months in the amount of time someone receives GA. There is in fact absolutely no way at the present time to estimate how many people will receive GA for what lessened amount of time. As I said at the hearing, this will depend entirely on the response from the employer community. We can easily figure what the savings would be if someone receives X months less of GA. But that doesn't teach us anything useful.

What is important to emphasize is that national studies consistently indicate that the longer an unemployed person remains without work, the less job ready s/he is and consequently the less likely to find work. This is the case of many GA clients. A number of them have exhausted their 26 weeks of Unemployment Insurance Benefits and are at a critical stage: if unable to find work relatively quickly, their employability decreases rapidly. The wage subsidy program is valuable precisely because it targets this population.

Conclusion

I hope these comments help illustrate why the additional costs to CCSF projected by SFDSS are wildly speculative and that alternative assumptions which should be made about client behavior strongly suggest important savings to the General Fund. I am not of course able to guarantee that such savings will results, only that analogous studies suggest such savings. Until SFDSS is better able to track how behavior varies depending on the IDP and asset limit formulae, it is unwise to rely on

untested assumptions. The figures which were calculated by St. Anthony's for the IDP suggest that instead there may be substantial savings to CCSF from these reforms. Only employer interest in the wage subsidy program will limit the amount of savings which that program could create.

Thank you for including these comments in your report to the Committee.

Sincerely yours,

Stephen Bingham
Staff Attorney

cc. Brian Cahill, SFDSS

[migdlet1.sbw]

Item 8 - File 30-94-25

Department: Department of Public Health (DPH)

Item: Resolution authorizing the adoption of the County description of the proposed expenditures of California Healthcare for Indigents Program (CHIP) funds for Fiscal Year 1994-95, and that the Chairperson or duly authorized representative of the Board of Supervisors can certify the County description of the proposed expenditure of CHIP funds for fiscal year 1994-95.

Description: In October of 1989, the DPH began its implementation of State AB 75, the Proposition 99/Tobacco Tax Bill. State AB 75 created the California Healthcare for Indigents Program (CHIP) to provide counties with funds for the provision and expansion of health care services to medically indigent adults.

Local CHIP funds are used to reimburse participating county hospitals, and non-county hospitals, for inpatient, outpatient and emergency services and participating private physicians for emergency, obstetric and pediatric services provided to indigent persons. The DPH advises that State regulations require that the City submit to the State, on an annual basis, a description of the proposed expenditure of the CHIP funds. The DPH reports for FY 1994-95, the City will receive an allocation totaling $9,404,699 in CHIP funds as follows:

County Hospitals	$6,258,375
Non-County Hospitals	570,808
Physician Services	720,832
Other Health Services	1,854,684
Total	$9,404,699

The total amount of $9,404,699 reflects a decrease of $176 from the originally anticipated grant amount of $9,404,875, which the Board of Supervisors previously approved (File 146-94-22). According to Mr. Jeff Leong of DPH, the State revised its allocation formula which resulted in a decreased amount for San Francisco for FY 1994-95.

San Francisco General Hospital (SFGH) has been designated as the City's recipient of CHIP funds earmarked for county hospitals. As noted above, for FY 1994-95, the total amount available for expenditure by SFGH is $6,258,375. Under DPH's proposed expenditure plan for these funds, $5,879,373 or 94% of the $6,258,375 allotted to SFGH would be allocated to pay for indigent health care services and

$379,002 or 6% would be used to pay for administrative costs directly related to the CHIP program.

The total amount available for expenditure for non-county hospitals is $571,475 ($570,808 plus $667 from prior year interest). The DPH reports that under the Department's proposed expenditure plan, 49.9 percent or $285,404 of the CHIP non-county hospital funds will be allocated to the City's ten local non-county hospitals on the basis of a formula. The remaining $286,071 or 50.1 percent of these funds will be allocated by the DPH under a discretionary category. The formula allocation is based on the State Office of Statewide Health Planning and Development's (OSHPD) uncompensated health care data, collected from all non-county hospitals statewide. Under State regulations all local non-county hospitals are entitled to a share of the formula allocation based on each hospitals level of uncompensated health care costs.

The 50.1 percent balance of $286,071 in CHIP discretionary funds are not required by State regulations to be allocated to all non-county hospitals. Therefore, the DPH has the discretion to allocate these funds to one or more non-county hospitals for the provision of health care services to indigent persons, as it deems appropriate. However, DPH intends to allocate the $286,071 by reimbursing all ten non-county hospitals and pay for the associated costs as follows:

Non- county Hospitals*	$254,677
Professional Services Contract:	
Medicus Systems Corporation (see Comment)	26,981
DPH Administrative Cost	4,413
Total	$286,071

* The ten non-county hospitals include (1) California Pacific Medical Center - California Campus, (2) California Pacific Medical Center - Pacific Campus, (3) Chinese Hospital, (4) Davies Medical Center, (5) Medical Center at the University of California, San Francisco, (6) Pacific Coast Hospital, (7) St. Francis Memorial Hospital, (8) St. Luke's Hospital, (9) St. Mary's Hospital and Medical Center and (10) University of California - San Francisco/ Mt. Zion.

In accordance with State regulations, the DPH has established an Emergency Medical Services (EMS) account and a New Contracts Physician Services account for the receipt and deposit of the CHIP Physician Services funds. Of the $720,832 allocated for physician services for 1994-95, $608,832 or 84.5 percent would be deposited to the EMS

account and $112,000, or 15.5 percent would be deposited to the New Contracts Physician Services account.

DPH reports that the total amount available in the EMS account for FY 1994-95 is $610,627 ($608,832 plus $1,795 from prior year interest). Under DPH's proposed expenditure plan, the $610,627 would be expended as follows:

Physician Services	$549,744
Physician Contract Services:	
Medicus Systems Corporation (see Comment)	38,901
DPH Administrative Costs	21,982
Total	$610,627

The DPH advises that the total amount available in the New Contracts Physician Services account is $112,000. The DPH's proposed expenditure plan provides for the expenditure of the $112,000 as follows:

Physician Services	$79,200
Child Health and Disability Prevention Treatment Services	21,600
DPH Administrative Costs	11,200
Total	$112,000

According to the DPH, the total amount available under the CHIP Other Health Services category for FY 1994-95 is $1,854,684. Under DPH's proposed expenditure plan, $1,742,366 or 94 percent would be used to pay for inpatient, outpatient and emergency care services to indigent patients at SFGH and the remaining $112,318 or 6 percent would pay for SFGH and DPH Central Office Administrative costs associated with the CHIP program.

Comment: The DPH advises that it would continue to contract with Medicus Systems Corporation for the provision of fiscal intermediary services for the participating non-county hospitals and private physicians. These services include the receipt, processing and payment of claims in connection with the CHIP program. In addition to the fiscal intermediary services, Medicus Systems would continue to be responsible for provider relations, information dissemination and data reporting, and would assist the DPH in the CHIP program management.

Recommendation: Approve the proposed resolution.

Item 9 - File 65-94-1.1

1. The proposed ordinance would request approval of a sixth amendment to the Stadium Lease between the City and County of San Francisco (by and through the Recreation and Park Commission) and the San Francisco Giants. The existing lease expires on April 1, 1995. The sections of the existing lease that would be amended by this proposed ordinance are discussed below.

2. **Term:** The existing lease expires April 1, 1995. This proposed lease amendment would extend the term of the lease to the last day of the Baseball season (or Championship Schedule, if any) that occurs in 1999 unless terminated sooner (see below). The lease can be extended on a year-to-year basis for five additional years at the option of the tenant (the San Francisco Giants) to the last day of the Baseball season (or Championship Schedule, if any) that occurs in 2004.

3. **Early Termination:** When the second amendment to the Giants' Candlestick lease was approved in August, 1989, an early termination clause was inserted which allowed the Giants to convert the remainder of the term of the original lease to five one-year options. This was permitted under the amended lease because Proposition P, a ballot measure for a new ballpark at China Basin, was defeated by the voters in November, 1989.

   Under this proposed lease amendment, the prior early termination provision is deleted and a new early termination provision is added to the lease. This sixth amendment to the lease would permit the Giants to terminate the lease effective October 31 of any year upon the submission of the written intent to do so by the Giants as of July 1 of the calendar year in which they intend to terminate the lease.

   This lease amendment further provides that, in the event the Giants give written notice to the City to terminate the lease, the Giants shall, for at least 120 days after giving such notice, consider offers from persons who wish to acquire the Giants franchise and who have indicated their intention to keep the Giants in the San Francisco Bay Area. According to Mr. Jack Bair, Director of Legal and Governmental Affairs for the Giants, this provision will benefit the City in that the Giants cannot be sold or relocated without providing an opportunity for the City to find a buyer that will keep the Giants in San Francisco. In 1992, the owner of the Giants sold the team to interests in Florida without consulting the City and, because of an exclusivity arrangement with the prospective buyers, the Giants' owner was not permitted to negotiate with other local buyers.

4. **Stadium Club Operation:** The current lease provides that the San Francisco Giants has the exclusive right to operate the "club and restaurant" (the Stadium Club) during the baseball season and Championship Schedule, if any, and the football season, and that the City and

County may make arrangements with the San Francisco Giants during the balance of the year for City operation of the Stadium Club.

The proposed lease amendment would provide that the City and County would not have the right to make arrangements for operation of the Stadium Club on the day before, the day of, or the day after the date for which there is a scheduled football game (other than the Super Bowl); that the City and County would either use the Giants' Stadium Club concessionaire (Butler Catering) for operation of the Stadium Club or pay the concessionaire a fee of $200 for each day of use of the Stadium Club.

According to Mr. Phil Arnold of the Recreation and Park Department, this new language is consistent with the current lease, in that the Giants operate the Stadium Club for football games, but would permit the City to operate the Stadium Club for the Super Bowl in January, 1999.

5. **Rent Credits for Stadium Operator Admission Taxes** - The proposed lease amendment entitles the Giants to a rent credit for any Stadium Operator Admission Tax imposed on tickets for baseball games played after April 1, 1995. The current Temporary Stadium Admission Tax for school sports programs is excepted from this rent credit provision.

   According to Mr. Arnold, this added language would cost the City approximately $80,000 annually based on current Stadium Operator Admission Tax receipts from the Giants on a full season basis for tickets costing $25.02 or more, which are taxed at a rate of $1.50 per ticket, and for tickets sold for any baseball game at which paid attendance exceeds 42,500 (which are taxed at a rate of $ 0.50 per ticket).

6. **Rent Credits for Tenant Improvements** - The proposed lease amendment also permits rent credits for "Qualified Improvements" paid for by the Giants after the end of the 1994 Baseball season. Qualified improvements is defined as:

   > ... renewals, replacements, alterations, revisions, repairs, additions or other capital improvements to the premises of every nature or description (including, without limitation, equipment used in the operation, maintenance or repair of the premises) which are first approved in writing by the (Recreation and Park) Commission;...

   In addition, the Giants will be entitled to rent credits up to $50,000 per improvement for all qualified improvements that have been approved by the Recreation and Park Department General Manager or her designee, without Recreation and Park Commission approval.

7. **Parking** - The original lease provided the Giants with 100 parking spaces at Candlestick Park in designated areas at no charge to the Giants. For the past several years however, the Giants have set aside 603 parking spaces for this purpose. The original lease was subsequently amended and the Giants became the parking lot operator, with the City realizing no revenue from the parking operation during the Baseball season.

   This proposed amendment will provide the Giants with the same 603 "non-revenue" free parking spaces in specific areas of Candlestick Park. The amendment also provides that the Giants may use a specific parking area (known as "Area C") which includes 250 of the 603 set aside parking spaces, for other promotional purposes during special events such as opening day. During such events, the Giants would then be permitted to use an additional 250 parking spaces, which would be removed from revenue service. For such special events, the City would therefore not receive the 25% Parking Tax on the parking spaces which would be removed from revenue service. The estimated loss of Parking Tax revenue would be approximately $350 per special event.

8. **Police Security** - It is the current practice for the Giants to pay for Police Department uniformed officers inside the stadium during baseball games. This practice was begun approximately ten years ago by the previous Giants ownership to assure improvements to internal security. However, the existing lease requires that the City pay for uniformed security inside Candlestick Park during baseball games.

   This proposed lease amendment adds language that the Giants shall bear the reasonable cost of uniformed police up to an amount agreed in writing between the Police Department and the Giants.

   Currently, the Giants pay for such police services in an amount that is negotiated with the Chief of Police, but not put into a written agreement. Police Officers who provide such service are paid overtime wages by the City but the Giants' negotiated reimbursement to the City is typically less than the City's actual cost. The difference between the payment by the Giants and the cost to the City over the last full Baseball season was $275,742 for inside-the-park uniformed Police security (the cost to the City was $595,560 while the Giants reimbursed the City only $319,818). The net cost to the City of $275,742 was a General Fund expenditure.

   While the Police Department has informed the Budget Analyst that this cost of $275,742 was incurred by the General Fund, Mr. Bair has stated that it is his understanding that the Giants have paid the Police Department whatever costs were included in the invoices which the Police Department submitted to the Giants. Nevertheless, it is the representation of Lt. Ryan of the Police Department that the

City's General Fund pays for some of the security services provided by the Police Department at Candlestick Park.

The negotiated amount paid by the Giants for police security in the stadium in prior years has been less than the actual cost to the City. While the proposed language in this lease amendment states that the Giants shall "bear the reasonable cost" of uniformed Police, this proposed language does not assure that the City will be reimbursed for its actual cost.

9. **Coordination of Baseball and Football Schedules** - Because the Giants are the primary tenant for Candlestick Park, the Giants have scheduling priority at times when the Baseball and Football schedules overlap. Also, when Candlestick Park is used for an event other than Baseball during the Baseball season, such as a Football game, the field must be returned to the Giants in a normal condition within 36 hours prior to any date designated for use of the Stadium by the Giants during the season (the "thirty-six hour rule").

This proposed lease amendment would add a provision that the Giants would cause Major League Baseball to avoid scheduling any games at Candlestick Park for at least two weekends in August, two weekends in September and one weekend in October when 49er games are played at Candlestick Park. Also, the Giants have agreed to cause Major League Baseball to avoid scheduling games in such a manner that would result in the 49ers being required to play more than three consecutive weekends on the road. The Giants have further agreed to cause Major League Baseball to avoid scheduling a game within a 42 hour window before and after the scheduled start and conclusion of a weekend football game in order to provide additional time for conversion of Candlestick Park seating from a baseball configuration to a football configuration, and to waive the "thirty six hour rule" of the original lease. Lastly, the Giants have agreed to pay for any incremental cost associated with an expedited conversion of Candlestick Park from a baseball configuration to a football configuration should a baseball game be scheduled within the 42 hour window.

According to Mr. Arnold, this added coordination with the 49ers football schedule will prevent the 49ers from seeking an alternative venue for home football games during the Baseball season. The loss of a football game at Candlestick Park results in the loss of approximately $400,000 in total revenue consisting of stadium rent, Stadium Operator Admission Tax, Parking Revenue and Parking Taxes. Mr. Arnold states that this has happened once, during the 1993 football exhibition season, when the 49ers played an exhibition game at Stanford Stadium due to the baseball schedule. According to Mr. Bair however, this was not a result of a scheduling conflict, and Candlestick Park was available to the 49ers for that home game.

Comments: 1. In summary, the following lease amendments appear to be favorable to the City:

- The term of the lease would be extended for five years, with an option, exercised at the Giants' discretion, for up to another five years.

- The City and County would have the right to operate the Stadium Club, and thus realize additional revenue, during the January, 1999 Super Bowl.

- The payment by the Giants to the City for uniformed Police security inside the stadium during baseball games would become a formal provision of the lease. Although the Giants have paid negotiated amounts for this service in the past, it was not incorporated in the writing in the original lease agreement.

- The improved coordination of baseball and football schedules should prevent the loss of a 49ers football game during the baseball season due to the unavailability of Candlestick Park which would cost the City approximately $400,000 in total revenue per football game.

- The agreement by the Giants to avoid scheduling of a baseball game within 42 hours of a football game and the waiver of the "thirty-six hour" rule will permit the orderly reconfiguration of Candlestick Park without unnecessary expense such as additional overtime wages or temporary labor. Also, should an accelerated conversion be required by the Giants, the Giants would be responsible for the incremental cost to the City.

2. The following lease amendments appear to be more favorable to the Giants:

- The current Early Termination Provision granted to the Giants in the 1989 lease amendment is continued through the year 1999 and through the year 2004 if the Giants exercise their five, one-year options. However, the City would now have 120 days notice to attempt to find a buyer for the franchise that would keep the Giants in San Francisco. The lease amendment does not specifically state that the Giants will be required to accept such an offer.

- The Giants will be able to claim approximately $80,000 annually in Stadium Operator Admission Tax revenue as a rent credit.

- The Giants will also be able to claim rent credits for "qualified improvements" with approval by the Recreation and Park Commission only; and by the General Manager of Recreation and Park Department if the improvement is valued at $50,000 or less. Therefore, under this proposed amendment, the Giants can receive rent credits for an unlimited number and an unlimited amount of improvements to Candlestick Park, subject to the City's funding availability for payment to the Giants in the form of rent credits. Such rent credits to reimburse the Giants for improvements to Candlestick Park would be made without being subject to approval of the Board of Supervisors.

- The Giants would be able to remove 250 parking spaces from revenue production during special events such as opening day, resulting in the loss of approximately $350 in Parking Taxes per special event to the City's General Fund. It is unlikely, according to Mr. Bair, that such special events would occur more than five times a year.

- While the Giants have agreed to pay the "reasonable cost" of uniformed Police providing security inside Candlestick Park during baseball games, such payment will be based on a negotiated agreement between the Giants and the Police Department. Under this wording, there is no assurance that the City will be reimbursed the full cost of such Police services. In 1993, the last full Baseball season, as a result of the Giants not reimbursing the City for the total security costs provided by the Police Department, the net cost to the City's General Fund for such services was approximately $275,000.

3. The Budget Analyst considers the lease provision allowing the Giants to terminate the lease early at any time during the term of the proposed agreement to be a significant policy decision for the Board of Supervisors. The City's General Fund would lose an estimated $2.0 million annually comprised of such revenues as Payroll Taxes, Sales Taxes, Parking Taxes and Stadium Operator Admission Taxes, as previously estimated by the Budget Analyst in a December, 1992 report to the Board of Supervisors.

Recommendation: The Budget Analyst recommends that the proposed sixth amendment to the Stadium Lease between the City and the Giants be amended as follows :

- Do not grant rent credits to the Giants for Stadium Operator Admission Taxes and tenant improvements. Granting rent credit to the Giants for the Stadium Operator Admission Taxes imposed on tickets would cost the City an estimated $80,000 annually. Granting rent credits to the Giants for tenant improvements, without approval of the Board of Supervisors, could result in an unlimited cost to the City, subject to funding availability, and subject to approval by the Recreation and Park Commission or the General Manager of the Recreation and Park Department.

- Insert a requirement that Giants payments for Police security services provided at Candlestick Park during the Baseball season are to be made in an amount equivalent to the full costs of such Police services borne by the City. Such a requirement would result in estimated increased payments to the City of $275,000 annually which is the amount now being absorbed by the City's General Fund.

The fact that this proposed sixth amendment to the Stadium Lease between the City and the Giants is a product of negotiation between the Giants and the Recreation and Park Commission makes implementation of the Budget Analyst's recommendations specified above to be policy matters for the Board of Supervisors.

Item 10 - File 30-94-24

Department: Department of Public Health (DPH)
Community Mental Health and Substance Abuse Services

Item: Draft resolution urging the Department of Public Health (DPH) to request and urging the Mayor to approve a supplemental appropriation of $400,000 for FY 1994-95 to restore the Offender Programs at the Center for Special Problems and to assure that the Offender Programs continue to be administered by the Department of Public Health.

Description: In June of 1994, the Board of Supervisors approved a resolution (File 100-94-9) urging the Mayor to include $800,000 in his FY 1994-95 budget proposal in order to restore the Offender Programs at the Center for Special Problems, which had been scheduled to be eliminated on July 1, 1994 because of budget reductions. However, a source of funding, overbudgeted premium pay for Police Officers, in the amount of $400,000 was identified by the Budget Committee of the Board of Supervisors, thereby enabling the Offender Programs at the Center for Special Problems to continue offering services for the first six months of FY 1994-95 (July 1, 1994 through December 31, 1994). The Offender Programs are scheduled to be discontinued on January 1, 1995 unless additional funding is identified.

The Offender Programs at the Center for Special Problems provide psychiatric treatment and case management to assaultive and violent mentally ill offenders who are Court-ordered to receive treatment, to adults who sexually abuse children, and HIV services to these foregoing populations. There are approximately 290 persons currently enrolled in the Offender Programs.

In order to continue the programs through the end of the fiscal year (June 30, 1995), the proposed resolution would urge DPH to request and the Mayor to approve a supplemental appropriation in the amount of $400,000 for the Offender Programs at the Center for Special Problems. Specifically, the $400,000 request would fund permanent salaries and operating costs for the programs, from January 1, 1995 through June 30, 1995 (six months), as follows:

Personnel:

Classification	No. of Positions		
1424 Clerk Typist (vacant)	1	$14,068	
1426 Senior Clerk Typist (vacant)	1	16,939	
2932 Senior Psychiatric Social Worker (one vacant position)	2	41,989	
2930 Psychiatric Social Worker (one vacant position)	2	53,597	
2232 Senior Physician Specialist (vacant)	1	52,565	
2574 Clinical Psychologist	1	38,775	
2593 Health Program Coordinator	1	14,694	
2736 Porter (vacant)	1	15,542	
Subtotal - Salaries	10	$216,891*	
Fringe Benefits (25.0%)		54,223	
Total - Personnel			$271,114**

Operating Expenses:		
Professional Services	$29,048	
Other Non-Personal Services (inc. rent, phone, etc.)	95,338	
Materials and Supplies	3,000	
Reproduction	1,500	
Total - Operating Expenses		128,886
Total Estimated Cost		$400,000

According to Dr. James Kent, the Medical Director of the Center for Special Problems, if additional funding is not identified, it may be necessary to lay off one or two employees. Dr. Kent advises that any employees laid off would have Civil Service bumping rights. In addition, Dr. Kent advises that the Offender Programs would be able to operate only at a significantly lower level of service if additional funding were not identified.

* The correct total of the 10 positions listed above for six months is $248,169. According to Mr. Larry Doyle of DPH's Mental Health Division, DPH would not fund all ten of these positions, which would cost $248,169 for six months, but would allocate $216,891 to fund the four currently occupied positions and some of the six vacant positions. As of the writing of this report, DPH was not certain which of these ten positions would be funded with the $216,891.

** In DPH's FY 1994-95 budget request, DPH reduced permanent salaries and fringe benefits for the Offender Programs by $618,254. The Mayor then restored $347,140 of that amount for salaries and fringe benefits for the Offender Programs for six months. The difference of the $271,114 request above for salaries and fringe benefits represents the unrestored balance for salaries and fringe benefits for the Offender Programs.

According to Mr. Doyle, as of the writing of this report, no alternative sources of funding had been identified that would prevent the discontinuance of the Offender Programs on January 1, 1995. Mr. Doyle advises that if DPH submits a supplemental appropriation request to the Mayor's Office, the source of funds would likely be the General Fund Reserve.

Comments:

1. Ms. Monique Zmuda, the Director of Business and Operations in DPH's Mental Health Division, advises that Offender Programs services at the Center for Special Problems are provided as a result of a Court-order and as a condition of parole, or as an alternative to incarceration. According to DPH's Mental Health Division, there is no other organization in the City that provides Offender Programs' services. Thus, if DPH eliminates the Offender Programs, there is no immediate alternative program to which the Court can send mentally ill offenders. The clients referred to the Offender Programs by the Courts would either not be released, or would be released to the community without the Offender Programs' services.

2. According to Dr. Kent, the Offender Programs at the Center for Special Problems have a two percent recidivism rate, compared to 30 percent for individuals released and untreated. In addition, DPH reports that the treatment offered by the Offenders Programs costs the City $1,212 per person per year, compared to $100,000 per person per year for State hospitalization of the same mentally ill individual, or $23,000 per person per year for incarceration in County jail, in addition to the costs of arrests, prosecutions and victim care.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Item 11 - File 101-94-28

Note: This item was continued by the Budget Committee at its meeting of November 9, 1994.

Department: Department of Public Works (DPW)

Item: Ordinance appropriating and rescinding $300,000, Department of Public Works, Capital Projects, transferring monies from the North Point Treatment Plant Project to the Bay Area/San Joaquin Valley Water Reuse Project.

Amount: $300,000

Source of Funds: 1976 Sewer Revenue Bond Funds

Description: In 1992, the Board of Supervisors approved Resolution No. 474-92, directing that the Chief Administrative Officer and the Public Utilities Commission study the feasibility of exporting recycled water from the Bay Area for agriculture, habitat improvement, and other beneficial uses. No funding for the feasibility study was identified in that resolution. The DPW has now identified $300,000 in unspent sewer bond funds originally appropriated in Fiscal Year 1993-94 for engineering studies of the City's Northpoint Treatment Plant. According to Mr. Mike Quan of the DPW, the Bureau of Engineering did not spend those funds for engineering studies because it was determined that the Northpoint Treatment Plant instead requires extensive repair and construction work that will cost approximately $20 million. Funds for this repair and construction were recently approved by the voters as part of the Sewer Service Bonds proposition passed on November 8, 1994.

Therefore, this proposed ordinance would reallocate the $300,000 from 1976 Sewer Revenue Bond Funds appropriated in FY 1993-94 for the Northpoint Treatment Plant Project to the Bay Area Water/San Joaquin Reuse Project for a feasibility study pertaining to export of recycled water from the Bay Area.

The feasibility study will address the following major issues:

a) Development of a system for recycling and exporting wastewater through the Delta-Mendota Canal to the San Joaquin Valley for agricultural uses. The feasibility study will also consider the option of exporting water to other areas.

b) Development of a water exchange system within the water export system by which San Francisco and other urban water agencies may be able to gain potable water for their future needs, and by which Delta water could be reserved to protect habitat and wildlife in the Delta and Bay.

c) How water recycling and export could help San Francisco meet the terms of a Cease and Desist Order from the Regional Water Quality Control Board to stop wet weather overflows of treated wastewater into the Bay from the City's Islais Creek facility.

d) How water recycling and export could help meet San Francisco's other needs for future disposal of treated wastewater. A successful wastewater recycling and export system could preclude the City from having to build costly additional facilities to transport wastewater from the east side of San Francisco to an ocean outfall on the west side, and could help the City meet more stringent Federal and State water quality requirements for Bay discharges which are expected in the near future.

The proposed feasibility study has been recommended for approval by the City's Capital Improvement Advisory Committee; consisting of the CAO, Controller, and Staff Director, plus the Directors or General Managers of the Departments of Public Health, Planning, Recreation and Park, Public Works, Property, Public Utilities, Port, and Airport.

The proposed feasibility study would be carried out by existing DPW staff who are presently funded by Sewer Revenue Bond funds. Such staff would be reassigned to the Bay Area/San Joaquin Valley Water Reuse Project, and funded by the 1976 Sewer Revenue Bond funds.

Budget: The proposed budget for the feasibility study, which would be for an 18 month period, is as follows:

Class	Position	Days	Rate/Day	Total	
5506	Project Manager II	140	338	$47,320	
5249	Sr. Sanitary Engineer	20	308	6,160	
5246	Sanitary Engineer	100	266	26,600	
5210	Sr. Civil Engineer	20	308	6,160	
5208	Civil Engineer	80	266	21,280	
5206	Assoc. Civil Engineer	80	230	18,400	
1360	Special Assistant	50	204	10,200	
Subtotal Labor					**136,120**
Overhead (116% of labor)					157,880
Materials					6,000
TOTAL					**$300,000**

Recommendation: Approve the proposed ordinance.

Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

MINUTES

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, NOVEMBER 30, 1994 - 1:00 P.M. ROOM 228, CITY HALL

MEMBERS: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ACTING CLERK: GREGOIRE HOBSON

TIME MEETING CONVENED: 2:17 P.M.

1. File 172-94-40. [Contract, DPH-Deloitte & Touche] Resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Deloitte & Touche to provide operational and financial consulting services; companion measure to File 101-94-2.6. (Department of Public Health) (Continued from 11/9)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Dr. Sandra Hernandez, Director, Department of Public Health; Teresa Serata, Mayor's Office; Monill Zamuda. IN SUPPORT: None. OPPOSED: Josie Mooney, SEIU.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a further resolve clause to read: That the contractor's contingency payments be capped at 200 percent of actual billable costs incurred by the contractor in performing services under the contract. AMENDED TITLE: Approving the form and authorizing the execution and approval of a contract between the City and County of San Francisco Department of Public Health and Deloitte & Touche LLP to provide operational and financial consulting services; providing a cap on contractor's contingency payments. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0

2. File 101-94-2.6. [Amendment, Annual Appropriation Ordinance 1994-95] Ordinance amending the administrative provisions of the 1994-95 Annual Appropriation Ordinance by adding Section 23.1 whereby a percentage of cost savings or previously unrecognized revenues realized by contract services is appropriated to the extent necessary to pay contract amount due; companion measure to File 172-94-40. (Department of Public Health)
(Continued from 11/9)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Dr. Sandra Hernandez, Director, Department of Public Health; Teresa Serata, Mayor's Office; Monill Zamuda. IN SUPPORT: None. OPPOSED: Josie Mooney, SEIU.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

3. File 97-94-41.1. [General Assistance Property Level/Income Disregard) Ordinance amending the Administrative Code by amending Sections 20.56.10 and 20.57 relating to General Assistance Allowable personal property and income disregard. (Supervisors Migden, Alioto, Bierman)
(Continued from 11/16)
(Transferred from October 25 meeting of Health, Public Safety & Environment Committee due to FISCAL IMPACT)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Daisey Gordon, representing Supervisor Carole Migden; Brian Cahill, General Manager, Department of Social Services; Harvey Rose, Budget Analyst. IN SUPPORT: Jean ZarBrooks, President, St. Anthony Foundation; Susan Slider; Steve Leone; Terrence O'Connor; Barry Hermanson, President, Upper Market Merchants; Ed DeBerri, St. Anthony Foundation. OPPOSED: Mark Rodeman, Community Partnership.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 8, add a Section 3 to read: Review of Effects of Implementation of This Ordinance. The Board of Supervisors requests that the Department of Social Services provide a written, informational report to the Budget Committee of the Board of Supervisors by July 31, 1995. This report shall review the effects of the implementation of this ordinance. The Department of Social Services shall provide an additional written report to the Budget Committee by January 31, 1996. This second report shall also review the effects of the implementation of this ordinance. The Budget Committee shall conduct a formal review of the effects of the implementation of this ordinance following the Committee's receipt of the second report from the Department of Social Services. The Budget Committee should keep in mind during its consideration of these two reports, that many of the costs that will be incurred in the implementation of this ordinance will be incurred during the first six (6) months this ordinance is in effect, and that most of the General Assistance Program exits that may result from the implementation of this ordinance will occur after the first six (6) months this ordinance is in effect. The Board of Supervisors requests the Department of Social Services to work with the St. Anthony Foundation in developing criteria to be used in determining and evaluating the effect of the implementation of this ordinance. AMENDED TITLE: "Amending the San Francisco Administrative Code by amending Sections 20.56.10 and 20.57 (General Assistance Ordinance) relating to allowable personal property and to income disregard; establishing a process to review the effects of the implementation of this ordinance."

VOTE: 2-1. Supervisor Alioto absent.

4. File 79-94-2. [1995 Community Development Block Grant Funds] Resolution approving the 1995 Community Development Program, authorizing the Mayor, on behalf of the City and County of San Francisco, to apply for, receive, and expend the City's 1995 Community Development Block Grant (CDBG) entitlement from the U.S. Department of Housing and Urban Development, transfer and expend reprogrammed and reserved funds from prior year Community Development Programs and program income generated by the San Francisco Redevelopment Agency up to $29,955,061, which include indirect costs of $120,000; approving expenditure schedules for recipient departments and agencies and for indirect costs, and, determining no environmental evaluation is required, authorizing the receipt and deposit in contingencies of 1995 CDBG entitlement funds in excess of $24,166,000. (Mayor's Office of Community Development)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Larry del Carlo, Director, Mayor's Office of Community Development; Lori Schwartz, Chairperson, Advisory Committee on Community Development. IN SUPPORT: Faye Lacy representing Joe Lacy; John King; Cynthia Bennett, Innovative Housing. OPPOSED: Larry Johnson Reid, OMI Community Recreation Center; Charles Rathborne, Housing Committee; Lester Olmsted Rose, Community United Against Violence; Diane Chin, Intergroup Clearinghouse; Ira Glasser; Mr. Saki, Samona Affairs; Tony Hollister, Samona Affairs; Carla Valentino, Samona Affairs; Sue Vananto, Somona Affairs; Michael Ma, Chinatown Resource Center; Edith Lim Chinatown Resource Center; Robert Pender, SF Tenants Network; Rod Amos, Mariposa Youth Leadership; C. Zinter, Somona mo Somona; Olin Silin, YMCA; Connie Kalbaker; Alexander Allete.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Amended to fund the following: AIDS/HIV Life Center increase by $93,000; YMCA Youth for Service add $30,000; Tide Foundation/The Housing Committee add $25,000; Chinatown Resource Center add $30,000 and Intergroup Clearing house add $25,000. Correct clerical error to change $120,000 to $100,000. ADDITIONAL AMENDED TO TAKE THE BUDGET ANALYST RECOMMENDATIONS PER HIS REPORT DATED NOVEMBER 23, 1994. (File to be completed pending amendments from the Mayor's Office of Community Development.) AMENDED TITLE TO BE FORTHCOMING. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

5. File 68-94-14. [Federal Grant, 1995 HOME Program] Resolution authorizing the Mayor of the City and County of San Francisco to apply for, accept and administer a grant from the U.S. Department of Housing and Urban Development for a total amount not to exceed Five Million Six Hundred Eighty-Four Thousand Dollars ($5,684,000) for the HOME Program authorized under Title II of the National Affordable Housing Act of 1990, Public Law Number 101-625, and approving the HOME Program Description as described in the Consolidated Plan for 1995 Action Plan. Indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant Funds. (Mayor's Office of Community Development).

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 2, line 1, replace "1994" with "1995." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

6. File 68-94-15. [Federal Grant, 1995 Emergency Shelter Program] Resolution approving the 1995 Emergency Shelter Grants Program and expenditure schedule and authorizing the Mayor on behalf of the City and County of San Francisco to apply for, accept and expend a $621,250 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development. (Mayor's Office of Community Development)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 2-1. Supervisor Alioto absent.

7. File 97-94-72. [Weights and Measures - Permit Fees] Ordinance amending Administrative Code, by amending Section 1.13-5 thereto, to increase fee rates charged for registration and inspection of weighing and measuring devices, and adding fees for electric meter and gas vapor meter inspection and testing, effective January 1, 1995. (Department of Agriculture and Weights and Measures)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 3-0.

8. File 28-94-15. [Emergency Repair, Ferry Building Roof Deck] Resolution approving a declaration of emergency for the Ferry Building Roof Deck Surfacing Repair; Port Contract No. 2603 - $35,000. (Port Commission)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. On Page 1, line 18, after "emergency" add the following: "in the amount of $41,790. In the title, Page 1, line 3, replace "35,000" with "41,790. AMENDED TITLE: "Port Contract No. 2603, approving a declaration of emergency for the Ferry Building roof deck surfacing repair, $41,790." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

9. File 101-91-40.4 [Release reserved funds, Airport] Hearing requesting release of reserved funds, Airport, in the amount of $457,368, for contractual services for infrastructure repair and maintenance work. (Airport Commission)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RELEASE OF $457,368 APPROVED. FILED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

10. File 101-94-26. [Appropriation, District Attorney] Ordinance appropriating $1,000,000 District Attorney's Office, from the General Reserve Fund, for permanent salaries and mandatory fringe benefits, to address underfunding, for fiscal year 1994-95; subject of previous budget denial. (Controller)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Honorable Arlo Smith, District Attorney, Honorbale Michael Hennessey, Sheriff; Teresa Serato, Mayor's Office; Ed Harrington, Controller; Brigett Bain, District Attorney's Office. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 3 to read as follows: Although the City has incurred no legal obligation under the Charter, the Board of Supervisors does hereby appropriate the funds necessary for the obligation and does hereby ratify the action previously taken. In the title, line 3, after "denial" add the following: ";providing for action previously taken". AMENDED TITLE: "Appropriating $1,000,000 from the General Reserve Fund for permanent salaries and mandatory fringe benefits, to address underfunding in the District Attorney's Office, for fiscal year 1994-1995. Subject of previous budgetary denial; providing for action previously taken." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

11. File 101-94-33. [Appropriation, District Attorney] Ordinance appropriating $650,000 District Attorney's Office, from the General Fund Reserve for salaries, fringe benefits and training to address underfunding for fiscal year 1994-95; subject of previous budgetary denial. RO #94115 (Controller)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Honorable Arlo Smith, District Attorney, Honorbale Michael Hennessey, Sheriff; Teresa Serato, Mayor's Office; Ed Harrington, Controller; Brigett Bain, District Attorney's Office. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. QUESTION DIVIDED. Divided by appropriating $153,111. AMENDED. RECOMMENDED AS AMENDED. Add a Section 3 to read as follows: Although the City has incurred no legal obligation under the Charter, the Board of Supervisors does hereby appropriate the funds necessary for the obligation and does hereby ratify the action previously taken. Remaining $496,889 continued to the Budget Committee meeting of December 14, 1994. (See below.) NEW TITLE: "Appropriating $153,111 from the General Fund Reserve for salaries, fringe benefits and training to address underfunding in the District Attorney's Office for fiscal year 1994-95. Subject of previous budgetary denial; providing for ratification of action previously taken. (Add Supervisor Alioto as co-sponsor.)

File 101-94-33.1. [Appropriation, District Attorney[Ordinance appropriating $496,889, from the General Fund Reserve for salaries, fringe benefits and training to address underfunding in the District Attorney's Office for fiscal year 1994-95. Subject of previous budgetary denial; providing for ratification of action previously taken. (Add Supervisor Alioto as co-sponsor.)

ACTION: HEARING HELD. CONSIDERATION CONTINUED TO DECEMBER 14, 1994, MEETING.

VOTE: 3-0.

12. File 101-94-29. [Appropriation, Sheriff Department] Ordinance appropriating $690,572, Sheriff Department, from the General Funds Reserve, for salaries, fringe benefits, other non-personal services, materials and supplies, and equipment to allow opening additional beds at the new jail and continue the Work Furlough Program for fiscal year 1994-95. RO #94098 (Controller)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Harvey Rose, Budget Analyst; Honorbale Michael Hennessey, Sheriff; Teresa Serato, Mayor's Office; Ed Harrington, Controller; Brigett Bain, District Attorney's Office. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to $661,627 and add a Section 3 to read as follows: Although the City has incurred no legal obligation under the Charter, the Board of Supervisors does hereby appropriate the funds necessary for the obligation and does hereby ratify the action previously taken. AMENDED TITLE: "Appropriating $661,627 from the General Fund Reserve for salaries, fringe benefits, other non-personal services, materials and supplies, and equipment to allow the Sheriff Department to open additional beds at the New Jail and continue the Work Furlough Program for fiscal year 1994-1995; providing for ratification of action previously taken." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

13. File 101-93-113.1. [Release Reserved Funds, Department of Public Works] Hearing requesting release of reserved funds, Department of Public Works, 1990 Earthquake Safety Bond, for the Brooks Hall New Exit Stairs and Disabled Access Modification Project. (Department of Public Works)

SPEAKERS: None.

ACTION: HEARING HELD. RELEASE OF $1,604,303 APPROVED. FILED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 2-1. Supervisor Bierman absent.

14. File 101-94-30. [Appropriation, Dept of Public Works] Ordinance appropriating $269,771, Department of Public Works, for permanent salaries, mandatory fringe benefits, department and division overhead and other non-personal services and rescinding $46,811 from capital improvement project (Hardship Loans), for fiscal year 1994-95. RO #94100 (Controller)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Reduce appropriation to $114,824. AMENDED TITLE: "Appropriating $114,824 for permanent salaries, mandatory fringe benefits, Department and Division overhead and other non-personal services and rescinding $46,811 from Capital Improvement Project (Hardship Loans) for the Department of Public Works for fiscal year 1994-1995." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

15. File 101-94-31. [Appropriation, Dept of Parking & Traffic] Ordinance appropriating $21,000,000, Department of Parking and Traffic, of parking meter revenue bond proceeds for various capital improvement projects and reimbursing advances from the Parking Revenue Fund for fiscal year 1994-95; placing $113,594 on reserve. RO #94106 (Controller)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst; Ed Harrington, Controller; Kevin Hagerty, Department of Parking and Traffic; Steve Maltenex, Department of Public Works; Kathern Howe, Department of Parking and Traffic. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. AMENDED. RECOMMENDED AS AMENDED. Add a Section 3 placing a reserve on $1,200,000 for St. Mary's Square Garage. Total reserve placed $1,313,594. AMENDED TITLE: "Appropriating $21,000,000 of Parking Meter Revenue Bond proceeds for various Capital Improvement Projects and reimbursing advances from the Parking Revenue Fund for the Department of Parking and Traffic for fiscal year 1994-1995; placing $1,313,594 on reserve." (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

16. File 45-94-66. [Settlement of Lawsuit] Ordinance authorizing settlement of litigation of Gannett Outdoor Co. of Northern California against the City and County of San Francisco for a payment of $220,000 by the City to Gannett, plus interest at the apportionment rate pursuant to Code of Civil Procedure Section 1263.350 from January 1, 1994 until the date of payment. (Department of Parking and Traffic)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst; Ted Lakey, Deputy City Attorney. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 2-1. Supervisor Alioto absent.

17. File 97-94-74. [Cash Difference & Overage Funds, Create, DPT] Ordinance amending Administrative Code by amending Section 10.88 thereof, relating to "Cash Difference Funds" and "Overage Funds". (Department of Parking and Traffic)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED.

VOTE: 2-1. Supervisor Alioto absent.

18. File 82-94-9. [Sewer Easements, Islais Creek Transport Project] Resolution authorizing the City and County of San Francisco to acquire on behalf of the Department of Public Works the permanent sewer easement known as 1CT 10B through a portion of the real property identified as Assessor's Parcel No. 4347B/4 and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

SPEAKERS: None.

ACTION: CONSIDERATION CONTINUED TO DECEMBER 7, 1994, MEETING. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

19. File 270-93-3.1. [Earthquake Emergency Relief Fund Expenditure] Resolution retroactively approving expenditure of $35,000 placed in reserve in Resolution 77-94 from the Mayor's Earthquake Relief Fund for the services of a technical writer consultant to modernize and revise the City and County of San Francisco Emergency Operations Plan. (Also see File 270-93-6.) (Mayor's Office of Emergency Services)

SPEAKERS: DEPARTMENTAL REPRESENTATIVE: Harvey Rose, Budget Analyst. IN SUPPORT: None. OPPOSED: None.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisor Alioto as co-sponsor.)

VOTE: 2-1. Supervisor Alioto absent.

20. File 172-94-44. [Purchase and Sale Agreement, Clean Water Program] Resolution approving the form and authorizing the execution and delivery of a forward purchase and sale agreement; and authorizing other actions related thereto. (Chief Administrative Officer)

ACTION: CONSIDERATION CONTINUED TO DECEMBER 7, 1994, MEETING.

VOTE: 3-0.

21. File 207-94-16. [Semi-Automatic Weapons] Resolution urging the Mayor to urge the Police Commission to approve the purchase and standard issuance of semi-automatic weapons to all officers of the San Francisco Police Department. (Supervisors Alioto, Maher, Kennedy, Bierman, Hallinan, Hsieh, Shelley and Conroy)

SPEAKERS: DEPARTMENTAL REPRESENTATIVES: Lt. Ryan, Police Department; Officer Donny Cartwright; Officer Michael Serujo, Pres. Latin Police Officers. IN SUPPORT: Al Casciato, Police Officers Association; Shelley Salieri; Sue Slider; Jean Hayes. OPPOSED: Terrence O'Connor.

ACTION: HEARING HELD. RECOMMENDED. (Add Supervisors Hsieh, Shelley and Conroy as co-sponsors.)

VOTE: 3-0.

22. File 97-94-56.3. [Courthouse Financing] Ordinance approving delivery of a site lease between the City and the Courthouse Corporation, a lease agreement between Corp. and City, an assignment agreement between Corp. and Trustee and a trust agreement between City, Corp, and Trustee; approving form of certificate purchase agreement by City, Corp, Trustee and Underwriters; approving offer/sale of certificates, form of official statement; approving form of letter of credit agreement; authorizing officers of City to obtain credit, take other actions to consummate execution/delivery of not to exceed $63,000,000 certificates of participation to finance project; ratifying actions previously taken. (Supervisor Hsieh)

ACTION: CONSIDERATION CONTINUED TO DECEMBER 7, 1994, MEETING. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

23. File 101-94-34. [Appropriation, Courthouse Construction] Ordinance appropriating $2,000,000 of Courthouse Construction Funds for capital improvement project of the Superior and Municipal Courts for fiscal year 1994-95, placing $2,000,000 on reserve. (Supervisor Hsieh)

ACTION: CONSIDERATION CONTINUED TO DECEMBER 7, 1994, MEETING. (Add Supervisor Alioto as co-sponsor.)

VOTE: 3-0.

TIME MEETING ADJOURNED: 7:10 P.M.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST
1390 MARKET STREET, SUITE 1025
SAN FRANCISCO, CALIFORNIA 94102 • TELEPHONE (415) 554-7642

November 28, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: November 30, 1994 Budget Committee Meeting

Items 1 and 2 - Files 172-94-40 and 101-94-2.6

Note: These items were continued by the Budget Committee at its meeting of November 9, 1994.

Department: Department of Public Health (DPH)

Items: File 172-94-40 is a resolution authorizing the contract between the City and County of San Francisco, Department of Public Health, and Deloitte & Touche to provide operational and financial consulting services.

File 101-94-2.6 is a companion ordinance amending the administrative provisions of the 1994-95 Annual Appropriation Ordinance by adding Section 23.1, appropriating to contractors a percentage of cost savings or new revenues realized (contingency payments) as a direct result of contracted services previously authorized by the Board of Supervisors, in cases (such as the contract proposed in File 172-94-40) when the terms of the contract provide for such contingency payments.

Amount: Compensation (contingency payments) under the proposed consulting contract with Deloitte & Touche (File 172-94-40) would be based on a percentage of enhanced revenues and cost savings accruing to the DPH in

operational areas where Deloitte & Touche recommendations are implemented by the DPH.

Term: From date of approval of the proposed contract through June 30, 1998, (approximately 3.5 years).

Description: Contract Services

The proposed contract with Deloitte & Touche (File 172-94-40) would involve management consulting services, which according to Ms. Monique Zmuda, Acting Budget Director of the DPH, would assist the DPH, including San Francisco General Hospital, Laguna Honda Hospital, Community Public Health Services and Community Mental Health and Substance Abuse Services, in identifying areas of improvement to position the DPH competitively in a managed care environment.

Managed care is the general term for what Health Maintenance Organizations (HMOs) provide, namely coordinated health care services that emphasize prevention. Starting in March, 1995, the State plans to contract with the counties for managed care on a capitated basis per Medi-Cal client, at a set dollar amount per client, per month. Capitation puts DPH at increased risk because DPH will have to agree to accept responsibility for providing services in exchange for a set payment, regardless of the amount of services that may be provided to its clients. In order to provide cost effective health care services under the State's managed care system, the DPH is reevaluating its administrative and operating functions with the goal of streamlining processes, reducing duplication and creating an integrated delivery system for services and operations.

The Statement of Work attached to the proposed contract states that major areas of analysis would include: (1) short- and long-term revenue enhancement initiatives; (2) benchmarking of DPH performance relative to similar facilities, and productivity analyses; (3) analysis of the current University of California/San Francisco General Hospital Affiliation agreement; (4) strategic and organizational analyses, including a department-wide strategic plan; and (5) performance studies as requested by the DPH related to internal DPH functions, existing DPH contracts and new analyses of contracting-out potential. Within each major area of analysis, the Statement of Work includes a Scope of Work statement, with a list of expected project areas.

Selection of Contractor

For the past year, DPH administrators have conducted internal analyses of the organizational structure and service delivery processes, the results of which were reflected in FY 1994-95 budget reductions. In addition to these internal efforts, during the Fall of 1993 the Mayor's Office requested that the firm of Deloitte & Touche conduct a pro bono diagnostic analysis of the potential for revenue enhancement at the DPH. This analysis indicated that the DPH could increase its revenues through changes in its claiming practices to third party payers. Also, the analysis indicated that the DPH must increase its productivity in order to compete in a competitive market for Medi-Cal clients. Ms. Zmuda advises that based on the areas identified in that analysis, as well as on needs for analysis identified by DPH staff, the DPH issued a Request for Proposals (RFP) to provide operational and financial consulting services in January of 1994.

A total of three proposals were received, one of which was found to be non-responsive. The two remaining proposals were from Deloitte & Touche and Carlson Price Fass & Co. Ms. Zmuda reports that the Deloitte & Touche proposal was selected on the basis of a rating process in which proposed contingency fees, scope of work, recent relevant experience, professional background and the quality of past projects were rated by a DPH screening panel. DPH Contract Compliance Officer Hope Kamimoto reports that Deloitte & Touche received a total score of 78, and Carlson Price Fass & Co. received a total score of 56.1. Ms. Kamimoto states that, because of the nearly 22 point differential in ratings of the two written proposals, the DPH selected Deloitte & Touche without conducting interviews.

Implementation of Contractor Recommendations

Ms. Zmuda states that a DPH Steering Committee, composed of the Director, the Budget Director, and all DPH Division Directors, will review all Deloitte & Touche work products and make decisions about which recommendations to implement, subject to any Health Commission or Board of Supervisors approval that might be necessary. For example, a Deloitte & Touche recommendation to contract out services that are currently performed by Civil Service employees would require approval of the Board of Supervisors. Ms. Zmuda

advises that the proposed contract does not commit the DPH to implementation of Deloitte & Touche recommendations.

The proposed Statement of Work includes references to Deloitte & Touche providing assistance, such as data entry or clerical help, in the implementation of some of their recommendations. The proposed contract states that Deloitte & Touche would receive the contingency payments explained below (see Budget/ Baseline Agreements) regardless of whether or not the firm is involved with implementation of the recommendations.

Budget/ Baseline Agreements:

Ms. Zmuda states that, because DPH administrators did not want to reduce direct services in order to fund the consulting services, the RFP specified that the consulting services would be compensated on a contingency basis. As such, according to Ms. Zmuda, the DPH would not be at risk for payment for consulting services if a net financial benefit is not realized. Since the proposed contract would be conducted for a contingency fee, Deloitte & Touche has not submitted a budget to the DPH.

The proposed contract would provide for monthly compensation of Deloitte & Touche based on a percentage of savings or increased revenues received by DPH as a result of implementation of Deloitte & Touche recommendations. The average contingency payment would be 20 percent of monthly combined reduced expenditures and additional revenues attributable to Deloitte & Touche.

According to the proposed contract, the DPH would negotiate and sign written Baseline Agreements for each project area with Deloitte & Touche regarding the documentation and methodology to be followed in determining enhanced revenues or cost savings. (Tentative project areas are listed in a Statement of Work attached to the proposed contract.) The Director of the DPH would, under the proposed contract, be authorized to execute these Baseline Agreements on behalf of the City. The Baseline Agreements would not be subject to Board of Supervisors approval.

The Baseline Agreements would establish the revenue and/or costs anticipated in a particular project area, independent of implementation of any Deloitte & Touche recommendations. The Deloitte & Touche contingency

payment for that project area would be calculated by comparing the revenues and/or costs during the post-implementation period to those defined in the Baseline Agreement. The proposed contract states that the Baselines would be defined using DPH budgeted revenues and expenses, or, where possible, using actual revenues and expenses (such as in the case of a project area that involved the way DPH makes third party claims for services that have already been provided.) Baselines could be adjusted, by mutual agreement of the DPH and Deloitte & Touche, to account for unanticipated factors that effect revenues and costs, such as changes in service utilization or federal reimbursement levels, or health care reform measures.

Deloitte & Touche would receive contingency payments for any enhanced revenues or decreased costs, compared to the Baseline, during a twelve month (unless specified otherwise in the Baseline Agreement) performance period to be established in the Baseline Agreement. The performance period would presumably commence upon full implementation of the Deloitte & Touche recommendations for that project area; the actual start and end dates of each performance period would be specified in the Baseline Agreements.

As noted above, under the proposed contract, Deloitte & Touche would receive an average contingency fee of 20 percent of monthly combined reduced expenditures and additional revenues attributable to DPH implementation of their recommendations. The proposed contract would cap annual contingency payments to Deloitte & Touche at no more than five percent of the total DPH budget in any City fiscal year. In other words, Deloitte & Touche would receive a 20 percent commission on net reduced expenditures and additional revenues to DPH, up to the point in a given contract year where such commission amounts to five percent of the DPH budget for that fiscal year.

For FY 1994-95, the total DPH budget is approximately $712 million. Therefore, payments to Deloitte & Touche could be as much as approximately $35.6 million (five percent of $712 million) in FY 1994-95, if the DPH finds that Deloitte & Touche recommendations saved the DPH $178 million in that year. ($35.6 million is 20 percent of $178 million.) During the approximately 3.5 year term of the contract, if the DPH total budget remains fairly level, total compensation paid to Deloitte & Touche by the City

could, under the terms of the proposed contract, be as much as approximately $124.6 million ($35.6 million times 3.5 fiscal years). Such compensation would be paid if the DPH agreed that Deloitte & Touche had continued to make proposals that provided the DPH with $178 million in new savings each year. (As noted above, contingency payments would be paid for a particular Baseline Agreement program area for a typical period of 12 months.) The term of the contract could be extended beyond June 30, 1998, if work commenced on a Baseline Agreement prior to June 30, 1998 but the performance period for measuring "revenue enhancements" extended after that deadline. In that case, the compensation cap would increase based on the number of fiscal years included in any contract extension.

Payment Procedure: The proposed amendment to the administrative provisions of the 1994-95 Annual Appropriation Ordinance (File 101-94-2.6) would add Section 23.1, which would appropriate the amounts due to pay contingency contracts approved by the Board of Supervisors that are to be determined by a percentage of cost reductions or previously unrecognized revenues which are identified. Ms. Kathy Murphy, Attorney for SFGH, states that this provision will allow the Controller to set up special accounts to administer payments on the proposed contract (File 172-94-40), since the proposed contract does not carry a fixed appropriation amount. Ms. Murphy advises that the proposed Section 23.1 would become part of the boilerplate language in each Annual Appropriation Ordinance, until and unless the Board of Supervisors took specific action to delete it.

Comments:

1. Ms. Zmuda advises that the FY 1994-95 DPH budget includes revenue enhancement projections that were made on the assumption that the proposed contract would be approved and that Deloitte & Touche would be able to identify certain short term revenue enhancement opportunities that had been outlined in a preliminary report prepared by Deloitte & Touche. Specifically, Ms. Zmuda reports that the San Francisco General Hospital (SFGH) FY 1994-95 budget includes $2 million in anticipated new revenues resulting from the proposed contract, and the Laguna Honda Hospital FY 1994-95 budget include $3.5 million in anticipated new revenues. If the proposed contract is approved, DPH will direct Deloitte & Touche to start their work by looking at short term revenue enhancement opportunities at SFGH and Laguna Honda Hospital. Ms. Zmuda states that DPH will

have to adjust its budget, subject to further review, to make up any anticipated difference between budgeted new revenues and expected new revenues, after Deloitte & Touche completes an initial assessment.

2. Ms. Zmuda reports that the firm of Carlson Price Fass & Co., which submitted an unsuccessful bid for the proposed contract, challenged the award of the contract to Deloitte & Touche on the grounds that, as a certified public accounting firm, Deloitte & Touche would be violating a professional Code of Conduct prohibiting CPA firms from being compensated on a contingency basis. However, Ms. Zmuda states that the challenge was resolved after reference to the Code of Conduct of the American Institute of Certified Public Accountants (AICPA), which permits members to perform management consulting on a contingency fee basis, as long as the CPA firm is not providing financial accounting (profit and loss, or balance sheet) reporting services to the same client. Ms. Zmuda states that Deloitte & Touche has represented that they have no other contracts with the DPH or related to the City's General Fund. According to Ms. Zmuda, AICPA regulations would prohibit the firm from obtaining financial or accounting contracts with the DPH or related to the City's General Fund during the term of the proposed contract. City Controller Mr. Ed Harrington reports that an existing Deloitte & Touche contract to audit the Public Utilities Commission (PUC) would not be effected by this contract, because the PUC operates under an independent enterprise fund.

3. In the professional judgment of the Budget Analyst, the proposed compensation cap of 5 percent of the total DPH annual budget for each contract year is excessive, even factoring in the risk which the contractor is taking in the proposed contingency contract. The Budget Analyst believes that the cap should be tied to actual costs incurred by the contractor.

Ms. Zmuda states, however, that DPH believes it is not in the best interests of the City to lower the cap or to define it based on contractor costs. Ms. Zmuda advises that the proposed contract is designed to be a win-win situation for the City and the contractor, because the contractor can only receive compensation to the extent that the City achieves actual cost reductions or new revenues.

The proposed contingency contract is designed to give the contractor a strong incentive to find cost savings and

additional revenues for the DPH. The Budget Analyst believes that such a goal can be accomplished without signing a contract that could potentially give a contractor windfall profits. The Budget Analyst recommends that compensation under the proposed contingency contract be capped at 200 percent of the actual costs incurred by Deloitte & Touche in performing the services, at their normal municipal billing rate. This would require Deloitte & Touche to provide the City with cost data, and would necessitate an audit of project activities by the City upon contract completion. However, a cap tied to actual services performed by Deloitte & Touche would serve the purpose of preventing windfall profits, while still compensating Deloitte & Touche for taking on the risk of a contingency contract. The Budget Analyst believes that the opportunity to earn up to twice the firm's normal rates on a major, multi-year contract would provide a strong, on-going incentive for the contractor.

Summary:

In summary, the proposed resolution would approve a contract between the DPH and the firm of Deloitte & Touche for a wide range of management consulting services to be delivered over the next 3.5 years in an attempt to assist the DPH in streamlining operations, resulting in reduced expenditures and increased revenues to meet the challenges of the competitive managed care environment.

Because DPH administrators did not want to reduce direct services in order to fund the consulting services, the contract has been designed to compensate Deloitte & Touche on a contingency basis, under which the firm would receive fees equal to approximately 20 percent of cost reductions and additional revenues generated by implementation of Deloitte & Touche recommendations. The contract relies on a series of Baseline Agreements, to be negotiated by the DPH after contract approval, to specify the bases from which cost reductions and additional revenues in numerous program areas would be measured, and the performance periods under which Deloitte & Touche would receive contingency fees. The contract is therefore vague and unspecific on these subjects.

The nature of the proposed contract and the complexity of defining and interpreting the baselines and the benefits attributable to the contractor leave wide room for interpretation. For this reason, the Budget Analyst cannot recommend approval of the proposed contract unless

potential payments to Deloitte & Touche are capped to prevent the possibility of the contractor receiving windfall profits from the City. The proposed contract caps annual payments at up to five percent of the annual budget of the DPH (or $35.6 million in FY 1994-95). The Budget Analyst believes that this cap is excessive, and recommends instead that the proposed contract be amended to cap payments over the life of the contract at 200 percent of actual contractor costs, at the contractor's normal municipal billing rate, subject to audit by the Controller. The Budget Analyst believes that the opportunity to earn up to twice the firm's normal rates on a major, multi-year contract would provide a strong, on-going incentive for the contractor.

Recommendation:

1. A Budget Analyst recommendation to require that the Baseline Agreements that would be negotiated between DPH and the contractor following contract approval would have to be reviewed and approved by the Controller has already been incorporated into the proposed contract.

2. The nature of the proposed contract and the complexity of defining and interpreting the baselines and the benefits attributable to the contractor leave wide room for interpretation. For this reason, the Budget Analyst cannot recommend approval of the proposed contract unless potential payments to Deloitte & Touche are capped to prevent the possibility of the contractor receiving windfall profits from the City. While we understand that it is highly unlikely that the contractor would obtain cost reductions and additional revenues for the City that would enable the contractor to receive $35.6 million per contract year, or $124.6 million over the life of the contract, this is technically possible under the proposed contract, which uses a cap of 5 percent of the annual DPH budget. In the professional judgment of the Budget Analyst, the proposed cap of 5 percent of the total DPH annual budget for each contract year is excessive, even factoring in the risk which the contractor is taking. The Budget Analyst believes that the cap should be tied to actual costs incurred by the contractor.

Therefore, the Budget Analyst recommends that the contract authorized under the proposed resolution (File 172-94-40) be amended to cap contractor contingency payments at 200 percent of actual billable costs incurred by the contractor in performing services under the contract. While the City has entered into contingency contracts for collection services, the Budget Analyst is

unaware of any prior City contract, such as is being proposed, under which contingency payments to a contractor are partially based on the implementation of the contractor's recommendations to reduce the City's expenditures. For example, contracting out, subject to Board of Supervisors approval, is one possible type of expenditure reduction that could be recommended by the contractor.

3. Approve the proposed resolution (File 172-94-40) as amended, and approve the proposed amendment to the Administrative Provisions of the 1994-95 Annual Appropriation Ordinance.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 3 - File 97-94-41.1

Note: This item was continued by the Budget Committee at its meeting of November 16, 1994.

Department: Department of Social Services (DSS)

Item: Draft ordinance amending Administrative Code by amending Sections 20.56.10 and 20.57, relating to General Assistance allowable personal property and relating to the Income Disregard Program.

Description: Section 20.56.10 of the Administrative Code, entitled Allowable Personal Property, currently provides that any person who has cash in excess of the current monthly General Assistance (GA) grant for a single individual of $345 is ineligible to apply for General Assistance. Furthermore, for any person who has cash of less than $345, the entire amount of such cash is entirely offset against the current monthly GA grant of $345. However, if a portion of those cash assets are in a savings and/or checking account, up to $25 of that amount in the savings and/or checking account is exempted from being used to offset the GA grant. For example, under current legislation, a person who has $25 in a savings account can still receive the maximum GA grant of $345, since none of that $25 is used to offset the GA grant. However, if a GA recipient has $300 in cash, none of which is contained in a savings or checking account, the entire amount of $300 must be used to offset the GA grant, so that the person would be eligible to receive only $45 ($345 less $300) for one month of GA aid. However, if $25 of that $300 in cash were in a savings account, the person would be eligible to receive a GA grant of $70, which is equivalent to the maximum GA grant of $345 less $275 ($300 in total cash less $25 in savings).

The proposed ordinance would amend Section 20.56.10 to allow a person applying for GA to have up to $345 in cash, savings or in a checking account without any of that amount being used to offset the monthly GA grant of $345. In addition, the proposed amendment would provide that any amount in cash, savings or in a checking account in excess of $345 would be used to offset the monthly GA grant on a dollar-for-dollar basis. For example, under the proposed legislation, if a person had $300, regardless of how much of that $300 was in cash, savings or in a checking account, none of that $300 would be applied to offset the monthly GA grant of $345. As such, a single individual would be eligible to

receive the maximum GA grant of $345. However, if that person had $600 in cash, savings or in a checking account, he or she would still be eligible to receive a GA grant, but $255 (the amount in excess of $345) of that $600 would be offset against the GA grant, so that the person could only receive $90 of GA aid for that month.

According to the Department of Social Services (DSS), the proposed legislation would (1) increase the pool of eligible GA participants because persons with more than $345 in liquid assets would become eligible to apply for GA; and (2) increase the average length of time that a person would receive GA payments, since a person with cash assets of more than $345 would be eligible to apply for GA aid sooner and would not necessarily stop receiving GA aid earlier, and clients who already receive GA payments and who would otherwise be discontinued for assets in excess of $345 might remain on GA aid for a longer period of time.

According to Mr. Antoine Moore of DSS, DSS estimates that this proposed amendment pertaining to the personal property limit would increase the cost of the GA Program by approximately $69,000 annually.

Section 20.57 (b) of the Administrative Code requires GA recipients to complete either 20 verifiable job applications per month and/or participate in Department-approved job counseling, vocational rehabilitation, drug or alcohol treatment or a work assignment program in order to continue receiving GA payments. The proposed ordinance would amend Section 20.57 (b) to clarify the definition of verifiable job applications by specifically defining the completion of verifiable job applications as (1) sending resumes and cover letters to apply for positions for which the recipient meets the minimum qualifications, with copies of these documents and the telephone number of the prospective employer provided to DSS; and (2) participation in union hiring hall programs that make use of telephone job searches for currently available positions.

Section 20.57 (h) of the Administrative Code established the Income Disregard Program in order to provide a work incentive for GA recipients. The Income Disregard Program operates by disregarding a certain amount of an employed GA recipient's monthly gross income when determining the recipient's GA continuing eligibility and grant amount. As such, a GA recipient is permitted to earn income and still receive a partial GA grant.

Presently, a person can receive up to $610 per month in gross income and still receive a grant. Under the Income Disregard Program, DSS disregards up to $270 of the person's monthly gross income in determining the amount of the recipient's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income is offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a single individual recipient earning $610 per month would be equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($610 less $270). Therefore, $345 less $340 equals a monthly GA grant of $5, as reflected in the table below.

(1) Gross Monthly Salary	(2) Income Disregard	(3) Amount Offsetting GA Grant (Col. 1 - Col. 2)	(4) Maximum GA Grant ($345 - Col. 3)
$100	$100	$0	$345
200	167	33	312
300	217	83	262
400	250	150	195
500	270	230	115
610	270	340	5

The proposed ordinance would amend Section 20.57 (h) of the Administrative Code to increase the income disregard limit from a maximum of $270 to a maximum of $454. Thus, DSS would disregard up to $454 of a single individual recipient's monthly gross income in determining the amount of the person's GA grant, in accordance with Section 20.57 (h). The balance of the recipient's monthly income would then be offset against the GA grant on a dollar-for-dollar basis. For example, the GA grant of a person earning $794 per month would be $5, which is equivalent to the difference between the $345 monthly GA grant and the amount to be offset against the grant, or $340 ($794 less $454). Therefore, under existing legislation, a single individual recipient can earn up to $610 per month and still receive a GA grant, but under the proposed legislation, a person could earn up to $794 per month and still receive a GA grant, as shown in the following table:

(1) Gross Monthly <u>Salary</u>	(2) Income <u>Disregard</u>	(3) Amount Offsetting GA Grant <u>(Col. 1 - Col. 2)</u>	(4) Maximum GA Grant <u>($345 - Col. 3)</u>
$200	$200	$0	$345
350	300	50	295
500	375	125	220
650	425	225	120
794	454	340	5
800	455	345	0

According to Mr. Moore, the proposed legislation that would increase the income disregard limit from $270 to $454 could potentially generate savings for the City, but only if the proposed legislation leads to an increase in the average monthly earnings of an employed GA recipient and to an increase in the number of GA recipients participating in the Income Disregard Program for the following reasons: (1) as the average monthly income increases, the average GA grant should decline since the GA grant would be offset by the GA recipient's higher monthly earnings, and (2) if the number of GA recipients participating in the Income Disregard Program increases, a larger percentage of the total GA caseload would likely receive less than the maximum GA grant of $345 per month.

Mr. Moore advises that the average monthly income of Income Disregard Program participants is $244 per month. Mr. Moore estimates that (1) given that the number of participants in the Income Disregard remains constant, the average monthly income would have to increase by at least $118 from the current average monthly income of $244; or (2) given that the average monthly income remains constant, the number of GA recipients participating in the Income Disregard Program would have to increase by at least 846 from the current participation rate of 564, for the City to realize savings in the GA Program. However, Mr. Moore advises that there is presently no way of knowing whether the proposed increase in the income disregard limit would have these two effects.

If these two effects are not achieved, Mr. Moore advises that the increased income disregard limit would most likely increase the cost of General Assistance because, at each level of earnings, a greater amount of the person's income could be

disregarded and less of the person's income would be used to offset the GA grant, thereby resulting in an increase in the average grant amount. The table below illustrates, for a single individual recipient, the potential costs to the City of increasing the income disregard limit.

Gross Monthly Salary	Maximum GA Grant Under Current Legislation	Maximum GA Grant Under Proposed Legislation	Increase in Cost to City Per Single Individual Recipient Per Month
$100	$345	$345	$0
200	312	345	33
300	262	312	50
350	229	295	66
400	195	270	75
500	115	220	105
610	5	147	142
650	0	120	120
794	0	5	5
800	0	0	0

Mr. Moore advises that of the approximately 564 current GA recipients participating in the Income Disregard Program per month, approximately 376 persons do not receive a full GA grant. The average gross income for these 376 GA recipients is approximately $300 per month. As such, the potential cost to the City of amending Section 20.57 (h) of the Administrative Code to increase the income disregard limit is approximately $18,800 per month (376 participants x a potential cost per month, per participant of $50, as reflected in the table above), or $225,600 annually.

In addition, DSS advises that the pool of eligible Income Disregard Program participants would most likely increase as a result of the increased income disregard limit. This increase would occur because, under existing legislation, a person would be ineligible to receive a grant if his or her gross earnings exceeded $610 per month, whereas under the proposed legislation, a person earning up to $794 per month would still be eligible to receive a GA grant.

In addition, under the existing legislation, up to $1,500 in savings derived from the gross earnings of an employed GA recipient may be disregarded during the GA recipient's participation in the Income Disregard Program and for up to

three months after the GA recipient's participation in the Program, if the GA recipient becomes unemployed. The proposed legislation would amend this provision by increasing the amount of savings which can be disregarded when determining the GA recipient's continuing eligibility and grant amount from $1,500 to $2,000.

According to Mr. Moore, this proposed amendment would likely increase the City's costs of the GA Program by increasing the average length of time that a person would receive GA payments. However, as of the writing of this report, Mr. Moore was unable to estimate the amount of the potential additional costs to the City as a result of this provision.

In summary, according to DSS estimates at this time, the potential additional costs of the proposed ordinance to the City are $294,600 per year ($69,000 in potential additional costs by increasing the personal property limit plus $225,600 in potential additional costs by increasing the income disregard limit).

Comments:

1. According to Ms. Sally Kipper of DSS, DSS supports the proposed amendment to clarify the definition of a verifiable job search application. In addition, regarding the proposed amendment to increase the personal property limit, Ms. Kipper advises that DSS supports an increase to $100 as the amount of liquid assets that would be exempted from being used to offset the monthly GA grant, but does not support the proposed increase to $345, which would likely increase the costs of the GA Program.

Furthermore, regarding the proposed increase in the income disregard limit, Ms. Kipper advises that DSS does support the concept of creating incentives to obtain permanent employment and to exit public aid, but that the existing Income Disregard Program already costs the City $400,000 annually.

2. According to Mr. Ed DeBerri of the St. Anthony Foundation, the St. Anthony Foundation concurs with DSS's cost estimate of $69,000 resulting from the proposed increase in the personal property limit. However, the St. Anthony Foundation believes that the proposed amendment pertaining to the personal property limit would also generate savings to the City of approximately $207,000 per year, as the result of a reduction in the GA caseload and in administrative costs. Thus, the St. Anthony Foundation

estimates a net savings to the City of $138,000 per year ($207,000 less $69,000) by increasing the personal property limit.

The Budget Analyst concurs with DSS and the St. Anthony Foundation in estimating that the increased personal property limit would likely cost the City an additional $69,000 per year. However, the Budget Analyst agrees with DSS in that, in our judgment, it is unlikely that the proposed increase in the personal property limit would also generate savings to the City that would offset this cost.

3. In addition, according to Mr. DeBerri, the St. Anthony Foundation also concurs with DSS's cost estimate of $225,600 resulting from the proposed increase in the income disregard limit. However, the report by the St. Anthony Foundation estimates that the proposed increase in the income disregard limit would also generate first-year savings to the City of $430,047 by (a) increasing Income Disregard participation; (b) increasing the number of GA recipients who report income to DSS; and (c) reducing the GA caseload. Thus, the St. Anthony Foundation estimates a net savings to the City of $204,447 per year ($430,047 less $225,600) by increasing the income disregard limit.

The Budget Analyst concurs with DSS and the St. Anthony Foundation in estimating that the increased income disregard limit would likely result in additional costs to the City of $225,600 per year. The Budget Analyst also concurs with DSS and the St. Anthony Foundation in that the proposed increase in the income disregard limit could result in a savings to the City if it leads to an increase in (a) the average monthly earnings of an employed GA recipient; and (b) the number of GA recipients participating in the Income Disregard Program. However, the Budget Analyst concurs with the DSS statement that it is uncertain at this time whether or not the proposed increase in the income disregard limit would have these two effects.

4. In summary, the St. Anthony Foundation estimates that the City would realize an overall net savings of $342,447 in the first year ($138,000 by increasing the personal property limit plus $204,447 by increasing the income disregard limit) as a result of the proposed ordinance. However, as noted above, DSS believes that the proposed ordinance could result in potential additional costs to the City of $294,600 annually from these two measures. DSS further reports that if the proposed ordinance leads to an increase in the average

monthly earnings of an employed GA recipient and to an increase in the number of GA recipients participating in the Income Disregard Program, then the proposed increase in the income disregard limit could generate savings for the City. However, both the DSS and the Budget Analyst cannot conclude with any certainty that GA recipient earnings and the number of GA recipients participating in the Income Disregard Program would in fact increase.

5. Attachment 1 is a letter from Mr. Brian Cahill, the General Manager of DSS, which compares DSS's cost/benefit calculations to the St. Anthony Foundation's cost/benefit calculations.

6. Attachment 2 is a letter from Mr. Stephen Bingham of the San Francisco Neighborhood Legal Assistance Foundation which contains comments regarding DSS's cost/benefit calculations.

7. Attachment 3 is a letter from Mr. DeBerri which explains the St. Anthony Foundation's methodology in arriving at its cost and savings estimates.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

y and County of San Francisco

Department of Social Services

Brian F. Cahill
General Manager

Assistant General Managers
Sally Kipper
Pat Reynolds
John R. Vera

ASSET LIMIT
11/8/94

DSS POSITION:

* Raising the General Assistance asset limit from $25 to $345 would increase costs to the County approximately $70,000.

* We are willing to raise the asset limit to $100, which would raise costs by only approximately $10,000.

We believe that raising the exemption:

* increases the number of eligible applicants
* prolongs the average length of time a client stays on aid.
* is not likely to result in significant savings.

CALCULATION OF SAVINGS:

* St. Anthony estimates that raising the asset limit would save the County $286,000. We disagree.

St. Anthony's position:

St. Anthony's savings estimates derive from:

1) Decrease in staff time on reapplications and hearings ($22,000).

2) Clients exiting GA earlier ($264,000)

St. Anthony estimates 800 clients would exit GA one month earlier.

[800 clients * $330 avg grant /mo. = $264,000]

DSS's position:

1) Staff time. While staff may spend less time on reapplications, the County does not save actual dollars. Staff will put their time into other activities needed to manage the highest caseloads in the Bay Area.

2) Early exits. We agree with the assumption that approximately 800 clients have assets of more than $25 but less than $345. However, we believe that liberalizing the program will result in clients remaining on aid, rather than being discontinued.

There is no evidence to suggest that raising the asset limit will allow anyone to leave public assistance one

month early. Current income disregard clients, who have jobs and a somewhat higher standard of living, stay on aid the same length of time as other GA clients who do not work. And they are allowed to save up to $1,500. The Department does not believe that all clients with assets between $25 and $345 would be able to leave one month early. St. Anthony's estimates assume that every client would exit, on average, one month earlier.

CALCULATION OF COSTS:

DSS's position:

* Raising the asset limit allows clients to apply sooner and remain on aid longer.

  Approximately 800 clients were denied or discontinued last year for assets between $26 and $345. Clients with assets greater than $25 are not eligible to apply until the assets can be spent down. Under St. Anthony's proposal these clients would remain eligible.

  * GA payments are approximately $11.50 a day.

St. Anthony's position:

St. Anthony's agrees with the Department's cost estimates.

Formula -

1) Determine the number of potential extra days on aid.
2) Find the average cost / day for early eligibility
3) Multiply average cost by the estimated number of additional people.

EX: $345 - 25 = $320 $320 / $11.50 = 28 extra days

Each additional day is $11.50. Assuming an equal distribution of clients across days, the average cost is the average cost for all days between the 1st and the 28th day.

Sum of the cost of all extra days / total number of extra days = average additional cost.   Average cost is $86.25

Multiply average cost by the number of additional people.

$86.25 * 800 = $69,000

ity and County of San Francisco

Department of Social Services

Brian F. Cahill
General Manager

Assistant General Managers
Sally Kipper
Pat Reynolds
John R. Vera

INCOME DISREGARD
11/8/94

DSS POSITION:

* The increased cap may produce a cost or savings, depending on the number of people in the program and the amount clients earn, on average.
* Much uncertainty surrounds the income disregard program, and the Department would prefer to put off raising the disregard for a year to see whether the economy continues to grow stronger.

Increasing the income disregard cap

* would allow clients to retain more of their earnings than they can currently at each level of earnings beyond $100.
* could prolong the length of time some clients stay on aid (i.e. those who currently make between $610-$800 are presently discontinued for excess income, but would not be if the cap goes up).

COMPARISON OF COST/ SAVINGS:

DSS and St. Anthony differ in their approach to calculating cost and savings estimates. St. Anthony estimates the County will save more than $236,000 by raising the income disregard limit. Their estimates are based on projections of

1) increase in the number of clients participating in IDP and
2) an increase in IDP clients who will leave public aid

They estimate that IDP's participation rate will increase 27% and the total GA caseload will decrease 15%. Both estimates appear to be somewhat arbitrary and do not appear to be grounded in any substantive data or analytical framework. One cannot know whether additional clients will be motivated to find jobs or to what extent.

Because of such uncertainty, DSS's estimates are based on what would have to happen to make the disregard program cost-neutral. The Department then determined how reasonable such scenarios are based on current circumstances.

The Department conducted an analysis of the current disregard program. The results were as follows:

- About 564 people participate in IDP each month
- The average grant for these clients is $290.
- The average wage of IDP clients is $244.
- The average IDP client remained on GA an average of 5 1/2 to 8 months in a year.
- Of that time, approximately 3 - 4 1/2 months was spend in the income disregard program.

- Approximately 10 clients were discontinued each month for excess earnings above $610.
- Approximately 60% of those clients earned more than $800 a month. Average earnings were $1,050/ mo.
- Those who were discontinued for excess earnings spent roughly the same amount of time on aid as other IDP clients.

DSS'S FINDINGS:

* To produce savings, the proposal must produce both an increase in average earnings, and an increase in the number of clients who participate. If one happens without the other, it would take an extremely high level of increase to produce cost-neutrality.

* If participation and earnings remain the same, the increase in the disregard could increase costs by $225,600. Under the proposed change, those who make more than $100 will retain more of their earnings and receive a higher grant.

* There is an additional unknown cost for those clients who currently earn between $610 and $800. Based on current estimates, for each additional month on aid, these clients will cost the County an additional $3,072.

* There is an additional unknown cost for raising the savings limit from $1,500 to $2,000. For each client who is currently discontinued because of having savings in excess of $1,500 (but less than $2,000) the county will pay $345 for each month they remain on aid.

CALCULATIONS:
* 564 people participated in IDP
* 67% of those (or 376) do not receive the full grant
  - their average grant is $262.
  - their average earnings are $299.
* 33% receive a full grant (of $345)
* Based on current average earnings, clients who do not receive a full grant would receive an increase of $50, on average, in their grants.

Formula -

376 * $50 * 12 mo's = $225,600

SAN FRANCISCO
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November 8, 1994

Harvey M. Rose
Budget Analyst's Office
S.F. Board of Supervisors
1390 Market St., Ste. 1025
San Francisco, CA 94102

Re: Item 9 of 10/25/94 Health, Public Safety and Environment Committee Meeting, File 97-94-41.1 (G.A. Allowable Personal Property and Income Disregard Program)

Item 10, File 97-94-41.2 (GA Employer Wage Subsidy Program)

Dear Mr. Rose:

At your invitation, I am forwarding comments about the cost/benefit calculations furnished by the Department of Social Services to you with respect to the above-captioned matter.

Your Report of October 25 analyzes the fiscal impact of the cited GA reform proposals. In doing so, it cites cost estimates provided by DSS although it also notes that these estimates are based on assumptions which are not particularly reliable or fact-based. The following are comments on assumptions made by Antoine Moore of SFDSS which resulted in the cost/savings estimates referred to but not endorsed by you. I do not attempt to offer alternative costs/savings figures as I do not believe this is possible to do so without better tracking of GA recipients' work behavior. I only discuss invalid assumptions or valid assumptions which were ignored.

Income Disregard Program

In estimating costs, SFDSS makes a number of unwarranted assumptions:

1. SFDSS assumes that those on IDP will stay on GA the same amount of time, regardless of whether the IDP formula is liberalized. However, the typical GA recipient may go on and off

aid several times as s/he gets hired/fired/rehired. Extremely low-paying jobs are like that. The types of jobs currently unavailable to IDP participants because they pay too much are jobs which are more likely to lead to permanent employment, which in turn will result in one having no further need for GA and a consequent cost savings for CCSF.

Furthermore, data might also show a greater effort made by relatively marginal employable people to find work, since the reward would be greater. It is unfortunate that DSS does not keep the kind of data which would help us evaluate how the disregard program works, even though the ordinance explicitly requires it to do so.

While I am unaware of national data in the GA area, there have been interesting studies showing how AFDC recipient work behavior is influenced by how much "work pays." Mark Greenberg, one of the Nation's leading welfare reform advocates reports the following:

* A New York experiment liberalizing earned income disregard rules resulted in average monthly earnings which were 27% higher than a control group.[1]

* Michigan's liberalization of the earned income disregard rules in 1992 resulted in the percentage of earned income cases in the total caseload rising from 15.7% to 23.3%.

* Utah and Illinois have experienced similar results.

2. DSS thinks only in terms of total GA grant expenditure. Ignored is the fact that because of higher monthly income, those on IDP can pay more for rent, thus freeing up scarce \$260-\$280/mo. SRO housing.

3. The report also ignores that those with more income spend more. Poor people spend 100% of their income. That helps the overall economy more than might be expected through the operation of the "multiplier effect" which measures how one dollar is respect several times, resulting in economic activity substantially more valuable than the one dollar itself.

4. Finally, IDP changes should be viewed in the context of the new employer incentive ordinance. This improvement in IDP will presumably open up more opportunities for those in IDP to move into full-time employment. It might even be possible to set up the Employer Wage Subsidy program so that it gives preference to those in the IDP.

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[1] Hamilton, Curstein, Hargreaves, Moss and Walker, **The New York State Child Assistance Program: Program Impacts, Costs, and Benefits** (Abt Associates, July 1993).

Allowable Personal Property

Mr. Moore of DSS argues that increasing the asset limit will simply mean that somone will be able to apply for GA sooner since available resources will not have to be spent down to $25. Consequently, he argues, that person will receive aid longer, the period being measured by the number of days earlier s/he can apply.

Such an assumption is absurd. It is at least as reasonable to assume that not requiring someone to go into utter destitution before applying for GA will result in that person being able to stablilize his/her situation sooner and consequently leave the GA program, thus saving CCSF money. At SFNLAF we have seen clients who are evicted because they have used up all of their resources before being able to apply for GA and are unable to pay their rent. While SFDSS regulations permit the issuance to the landlord of an emergency rent check if such a situation is imminent, many GA applicants are unaware of such a possibility and consequently do not alert their intake workers.

Wage Subsidy Program

I have only one comment to make since there seems little disagreement that this program is worthwhile. Your report noted the calculations of SFDSS with respect to a reduction by four months in the amount of time someone receives GA. There is in fact absolutely no way at the present time to estimate how many people will receive GA for what lessened amount of time. As I said at the hearing, this will depend entirely on the response from the employer community. We can easily figure what the savings would be if someone receives X months less of GA. But that doesn't teach us anything useful.

What is important to emphasize is that national studies consistently indicate that the longer an unemployed person remains without work, the less job ready s/he is and consequently the less likely to find work. This is the case of many GA clients. A number of them have exhausted their 26 weeks of Unemployment Insurance Benefits and are at a critical stage: if unable to find work relatively quickly, their employability decreases rapidly. The wage subsidy program is valuable precisely because it targets this population.

Conclusion

I hope these comments help illustrate why the additional costs to CCSF projected by SFDSS are wildly speculative and that alternative assumptions which should be made about client behavior strongly suggest important savings to the General Fund. I am not of course able to guarantee that such savings will results, only that analogous studies suggest such savings. Until SFDSS is better able to track how behavior varies depending on the IDP and asset limit formulae, it is unwise to rely on

untested assumptions. The figures which were calculated by St. Anthony's for the IDP suggest that instead there may be substantial savings to CCSF from these reforms. Only employer interest in the wage subsidy program will limit the amount of savings which that program could create.

Thank you for including these comments in your report to the Committee.

Sincerely yours,

Stephen Bingham
Staff Attorney

cc. Brian Cahill, SFDSS

[migdlet1.sbw]

ST·ANTHONY
FOUNDATION

November 11, 1994

Mr. Harvey Rose
Budget Analyst
S.F. Board of Supervisors
1390 Market St. Suite 1025
San Francisco, CA 94102

Re: File 97-94-41.1
Attn: Karen Kegg

Dear Mr. Rose:

Thank you for inviting me to write to you about the General Assistance reform package that Supervisor Migden has proposed. I want to concentrate on the parts pertaining to the asset limit and income disregard program (File 97-94-41.1) because the Budget Committee has not yet acted on these parts. Both you and your associate, Karen Kegg, have asked St. Anthony Foundation to explain our methodology and the savings figures. I trust we can do so to your satisfaction.

<u>Our Methodology</u>

St. Anthony Foundation developed *Combining Compassion With Efficiency*, the proposal on which Sup. Migden's legislation is based, for two reasons: to assist GA recipients locate and maintain employment and to save San Francisco General Fund money. It is our experience that hundreds, if not thousands, of GA recipients want to work and are able to work, but "the system" fails to provide adequate incentives and support. Because we believe work is an essential component of human dignity, we crafted our proposal to emphasize employment incentives.

We also recognize that the City is in a serious financial crisis. We realize, for example, that it would be politically impossible to raise the GA grant amount -- which currently does not come close to providing a liveable income -- at this time. Neither our proposal nor Sup. Migden's legislation suggest any new services or entitlements. **Every part of St. Anthony Foundation's proposal and Sup. Migden's legislation is designed to save the City money.** Based on our 44 years of offering services to people who are poor or homeless, we believe that raising the asset limit and increasing the Income Disregard levels will prevent people from becoming homeless and assist people find and maintain employment. This legislation, therefore, will reduce the time people need to be on GA and thus will save the City money.

Mr. Rose, you are aware that as a matter of policy St. Anthony Foundation does not accept any government funds. We choose to offer services that are supported by the good will of people. Stewardship is the concept that best describes the way St. Anthony Foundation attempts to utilize its funds for the maximum benefit of the people who use our services. This concept also has guided the design of our proposal. We

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believe that while you may not choose to use the word "stewardship." it does describe your office's approach to analyzing the City's budget.

Another aspect of our methodology is that it reflects a friendly collaboration with the Department of Social Services. During the past 12 months. we have had more than 10 meetings involving DSS staff and Supervisor Migden or her staff. One outcome of these meetings is that it has caused both of us to revise our cost estimates to the point where there is now substantial agreement. For example, DSS's revision of its Income Disregard statistics caused us to change our estimate of the IDP costs from $193,070 to $223,344.* Likewise, our discussion of the asset level influenced DSS to revise its estimate of the cost of this change from $414,000 in a 6/21/94 memo to $69,000 as indicated in the 10/25/94 Budget Analyst memo.

While this friendly collaboration has resulted in agreement in cost estimates, DSS and St. Anthony Foundation are still far apart on savings estimates. This is the one area of our collaboration that has disappointed me. Perhaps our disagreement stems from a couple of areas in which the statistics are not available to support fully either of our positions. The DSS Income Disregard report states, "The amount of savings depends on the average amount of time, beyond two years, other clients remain on GA. *This information, however, is beyond the scope of this analysis*" (p. 6, italics added). This information, however, is essential to an accurate savings estimate. Lacking this information, we have had to make estimates based on our experience of assisting GA recipients find and maintain employment. Our experience is the basis for our estimate.

Another area in which we find the DSS Income Disregard report lacking is in analysis of reasons Income Disregard participants are discontinued from the program. Statistics on page 4 indicate that 13 percent of ID participants are discontinued for "023 - Earned income too great." This seems to be a small percentage. There is another reason for discontinuance, however, that comes into play here: "060 - Failure to submit GA-1" under which 30 percent of ID participants are discontinued. It is our experience that many, if not most, of the participants who are discontinued for this reason are people whose earnings have exceeded program limits and simply drop out of the program without completing the paperwork. This experience contributes to our estimate.

A final part of our methodology is significantly influenced by your office's methodology, specifically by the analysis of the Matrix program contained in your Feb. 1994 report on homelessness expenditures. We applied the methodology your office used in determining police expenditures to calculate savings in reapplication and hearing expenses if the asset limit were to be raised to $345.

<u>Our Savings Estimate</u>

St. Anthony Foundation believes that raising the asset limit from $25 to $345 will save the City a net $138,000 in the first 12 months. $22,000 in savings come from reduced administrative costs for reapplication and appeal hearings. We estimate that of the

1,2000 denials each year dues to excessive assets, two-thirds of the 1,200 people have $26 to $345 are currently eligible to reapply in three to 30 days. Application intake, review and filing requires approximately 1 1/2 hours for a cost of $30 per reapplication. (The average DSS GA employee hourly wage is $19.91.) Hearings average a total of $50. Even if only 75 percent of the 800 people who would be affected by our proposal currently reapply and 10 percent request a hearing, our proposal would save $22,000 in administrative costs.

We also believe that the current $25 limit forces people to become destitute before receiving GA. These people are forced to lose housing and suffer the complications of homelessness such as health risks, violence, lost belongings and despair before becoming eligible for assistance. Raising the limit to $345 will provide greatly increased stability. If this proposal enable only 556 (46 people a month) of the 15,000 GA recipients to leave GA only one month earlier, the City will save $185,000 in GA expenses, not to mention other health and social service savings. (The City breaks even if only 17 recipients a month leave one month earlier.) It is our experience that the increased stability and dignity will have this effect.

We believe that raising the Income Disregard limit will increase the amount of ID participation due to increase work incentives, increase the number of people who report income, and increase the number of people who exit GA by bridging the gap between the grant level and a liveable income. We estimate an increase in ID participation from 3.68 to 4.67 percent during the first 12 months of implementation. This estimate is consistent with ID growth levels. This increase in participation will save the City $42,652 on grants that otherwise would not have been reduced. We also estimate that ID reform, because it will happen within the context of increased commitment to work opportunities and incentives for GA recipients, will greatly increase the ability of ID participants to exit GA. We believe these incentives and opportunities will reduce the ID rolls by an average of 15 percent. This would save the City an additional $387,395. Total gross savings would be $430,047 and total cost would be $223,344.* Total net saving for the first 12 months due to the ID changes would be $206,703.*

I hope this information clarifies St. Anthony Foundation's methodology for calculating savings estimates. I would be delighted to discuss this matter in more detail with you or your staff if you would find it helpful. Thank you for all you do to assist our City operate as effectively and efficiently as possible.

Sincerely,

Edward P. DeBerri

Edward P. DeBerri
Advocacy Coordinator

* Budget Analyst Note: According to Mr. DeBerri, the St. Anthony Foundation concurs with DSS's cost estimate of $225,600. Thus, savings for the first 12 months due to the increased Income Disregard Limit would be $204,447 ($430,047 less $225,600).

Item 4 - File 79-94-2

The proposed resolution would approve the 1995 Community Development Program, authorizing the Mayor to apply for, receive, and expend the City's 1995 Community Development Block Grant from the U. S. Department of Housing and Urban Development.

Refer to the separate November 23, 1994 Budget Analyst's report to the Board of Supervisors on the Review of the 1995 Community Development Budget as proposed by the Mayor's Office of Community Development.

Item 5 - File 68-94-14

Department:	Mayor's Office of Housing (MOH)
Item:	Resolution authorizing the Mayor to apply for, accept and administer a Federal grant for the Home Investment Partnership (HOME) Program and approving the HOME Program Description. Indirect costs associated with the acceptance of these grant funds will be paid by Community Development Block Grant (CDBG) funds.
Grant Amount:	Not to exceed $5,684,000
Grant Period:	Five years from the date that HUD approves the grant allocation
Source of Funds:	U. S. Department of Housing and Urban Development (HUD)
Project:	Home Investment Partnership (HOME) Program
Description:	The HOME Program is authorized under Title II of the National Affordable Housing Act of 1990 (Public Law Number 101-625). The Act provides funds for the acquisition, rehabilitation and development of affordable housing. The Mayor's Office of Housing (MOH) reports that on August 5, 1994, HUD issued regulations requiring that for Federal Program Year 1995, beginning February 1, 1995 and ending January 31, 1996, a consolidated plan be developed for the HOME Program, the Housing Opportunities for People with AIDS Program (HOPWA), the Emergency Shelter Grant Program (ESG) and the Community Development Block Grant Program (CDBG). In response to such HUD regulations, the MOH has developed the 1995 Consolidated Housing Development Action Plan. The MOH advises that this plan functions as a grant application and that, based on a formula, the City has received a HUD funding allocation of $5,684,000. In order to be eligible to receive these funds, the City must submit a program description of how it intends to spend the proposed allocation of HOME Program funds by December 15, 1994.

According to the City's HOME Program Description, the City proposes to use its HOME funding allocation of $5,684,000 as part of the 1995 Consolidated Housing Development Action Plan. The 1995 San Francisco Consolidated Housing Action Plan totals $55,519,000 including the proposed $5,684,000 HOME grant and several other sources of development monies, as follows:

HOME Funds:	
Proposed New Funds for 1995	$5,684,000
Less: Previously reserved in 1994	1,060,000
Subtotal: HOME Funds	4,624,000
Other Sources - Federal:	
Community Development Block Grant (CDBG)	2,620,000
Federal Emergency Management Agency (FEMA)	1,000,000
Housing Opportunities for People with AIDS	5,962,000
Special Homeless Grant	4,000,000
Subtotal: Other Sources - Federal	13,582,000
Other Sources - Local:	
Hotel Tax Funds	12,315,000
SFRA Tax Increment Funds	9,777,000
Seismic Safety Bonds	15,000,000
Office-Affordable Housing Production Program	121,000
Code Enforcement Rehabilitation Fund (CERF)	100,000
Subtotal: Other Sources - Local	37,313,000
Total Projected Uncommitted Funds for Privately-Owned Housing Development in 1995	$55,519,000

The proposed net uncommitted 1995 HOME Program funds of $4,624,000 represent approximately 8% of the total $55,519,000 in projected uncommitted funds for privately-owned housing development available as presented in the 1995 Consolidated Housing Development Action Plan.

The purpose of the Consolidated Housing Action Development Plan is to allocate funds to the City's local funding program and to establish criteria within the funding programs consistent with the following:

1. the priorities set out in the City's Comprehensive Housing Affordability Strategy (CHAS) and the CHAS Annual Plan, as approved by HUD on December 14, 1993
2. the San Francisco Five Year HIV/AIDS Housing Plan (May, 1994)
3. the Five Year Mental Health Supportive Housing Plan (October, 1994)
4. the Strategic Plan of the San Francisco Senior Services Plan Task Force (August, 1994)
5. the Continuum of Care Five Year Strategic Homeless Plan for San Francisco (October, 1994).
6. the procedures for allocating HOME Program funds approved by the Board of Supervisors in August, 1992 (File 68-92-4.1) and revised in February, 1994 (File 68-94-7).

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Budget: The $4,624,000 in Home Program funds available for new activities in 1995 and the $1,060,000 of 1995 funds that had been reserved in 1994 will be allocated as follows:

Supportive Housing Development of housing with supportive services for persons with mental or physical disabilities, particularly homeless persons	$ 750,000
Family Rental Housing New construction of multiple bedroom rental housing for families	2,000,000
Single Person Housing Development of small unit rental housing	1,704,000
Rehabilitation Matching Fund Rehabilitation of for-profit multiple unit rental housing	850,000
Tenant Assistance Tenant-based assistance to provide emergency assistance	50,000

Administration

Community Housing Development Organizations (CHDO) $150,000 - allocated to cover administrative expenses of community housing development organizations to provide supportive services for extremely low-income tenants as follows:

Chinese Community Housing Corporation	$50,000
Mission Housing Development Corporation	50,000
Tenderloin Neighborhood Development Corporation	50,000
Subtotal CHDO's	150,000

Mayor's Office of Housing ($180,000) allocated to cover a portion of personnel costs of the HOME Program as follows:

	FTE	Salary	
Director	.15	$13,213	
Deputy Director	.10	6,974	
Housing Finance Officer	.25	16,260	
Housing Rehab Manager	.80	52,033	
Senior Project Manager	.25	12,959	
Senior Project Manager	.15	7,775	
Construction Manager	.20	9,673	
Office Manager	.18	7,352	
Project Manager	.30	12,857	
Portfolio Manager	.10	4,286	
Project Manager	.30	11,126	
Project Manager	.25	9,128	
Subtotal Salaries	3.03	$163,636	
Fringe Benefits (10%)		16,364	
Total Salaries and Benefits		$180,000	
Total Administration ($180,000 plus $150,000)			$330,000
Total Home Budget			$5,684,000

Required Match: $1,438,500

Indirect Costs: $20,000 in indirect costs for General City purposes will be paid from CDBG funds.

Comments:

1. The matching fund requirement of $1,438,500 will be provided from existing City funds previously appropriated by the Board of Supervisors for affordable housing which total $22,092,000. Because the MOH will not send out Notice's of Funding Availability to prospective developers until February 1995, the MOH is unable to identify the specific projects that will receive HOME funding and the specific fund(s) that will be used to provide the matching requirement for the subject grant. However, the MOH advises that the specific fund(s) used for the matching requirement will be provided when the MOH requests approval to expend the proposed grant funds.

2. Mr. Bernhard Gunther of the Mayor's Office of Community Development (MOCD) reports that the indirect costs of $20,000 to administer the proposed HOME Program grant will be provided by 1995 CDBG funds.

3. The fifth "Whereas" clause in the proposed resolution states "the administrative and direct costs of administering the

HOME program are an eligible Community Development Block Grant (CDBG) expense, and will be paid from CDBG funds through the 1994 Community Development Program". This should be amended to read "through the 1995 Community Development Program".

Recommendations:

1. Amend the proposed resolution to reflect the 1995 Community Development Program as the funding source for the administrative and direct costs of the HOME Program.

2. Approve the proposed resolution, as amended.

Item 6 - File 68-94-15

Department: Mayor's Office of Community Development

Item: Resolution approving the 1995 Emergency Shelter Grants Program and expenditure schedule and authorizing the Mayor to apply for, accept and expend a $621,250 entitlement under the Emergency Shelter Grants Program from the U.S. Department of Housing and Urban Development.

Grant Amount: $621,250

Grant Period: Two years from the date of approval by the Federal grantor

Source of Funds: U.S. Department of Housing and Urban Development (HUD)

Project Description: The HUD Emergency Shelter Grants Program was first established under the Stewart B. McKinney Homeless Assistance Act in July, 1987. The program is designed to help improve the quality of existing emergency shelters for the homeless, to help make available additional emergency shelters, to help meet the costs of operating emergency shelters and of providing certain essential social services to homeless individuals so that those persons have access to the supportive services they need to improve their situations. The program is also intended to restrict the increase of homelessness through the funding of preventive programs and activities.

The Mayor's Office of Community Development (MOCD) is responsible for administering and monitoring the Emergency Shelter Grants Program (ESGP). Funds from the ESGP are to be distributed to non-profit agencies for one or more of the following activities relating to emergency shelters for the homeless. The eligible activities include:

(1) the rehabilitation of buildings used as emergency shelters;

(2) the provision of essential and social services to the homeless;

(3) the payment of maintenance and operation expenses such as repairs, rent, utilities, insurance, and furnishings; and

(4) the development and implementation of homeless prevention activities.

The proposed grant funds would be allocated by MOCD to 20 non-profit homeless service providers and shelter operations as divided among 22 projects (two of the project grants are to be awarded to the Asian Women's Shelter and two are to be awarded to La Casa de las Madres).

The MOCD reports that it issued a Request for Proposal (RFP) on August 25, 1994, to homeless service providers and shelter operators. A public workshop on the RFP was held by MOCD on September 7, 1994, to explain the requirements and application procedures for the ESGP. On September 23, 1994, the MOCD received 27 applications requesting a total of over $2 million in ESGP funds in response to the RFP process. Of these, 22 project applications were selected. Descriptions of the 22 projects selected for funding are as follows:

Essential and Social Services

These grants would fund staff at homeless shelters for shelter management and for the provision of social services to shelter residents.

Asian Women's Shelter **$14,000**
location confidential

The grant would provide for a house manger and follow-up coordinator. Asian Women's Shelter serves battered monolingual Asian women and their children.

Catholic Charities/Rich. Hills Fam. Ctr. **$32,000**
6324 Geary Blvd.

The grant would pay salaries of staff to provide case management services to shelter residents. Richmond Hills Family Center provides transitional housing services for 15 homeless families.

Catholic Charities Family Services $20,000
1049 Market Street

The grant will be used to pay for a case manager in its eviction prevention and rent assistance program.

Essential and Social Services, Continued

Dolores Street Community Services **$26,000**
208 Dolores Street
The grant will be used to pay for a case manager. Dolores Street Community Services provides emergency shelter and support services at three adult shelters.

Golden Gate Community Services **$12,500**
1387 Oak Street
The grant would be used to hire a part-time intake manager. Golden Gate seeks to convert its shelter to transitional family housing.

La Casa de las Madres **$30,000**
location confidential
The grant would pay for a women's advocate at the shelter. La Casa de las Madres is a shelter for battered women and their children.

Swords to Plowshares **$19,000**
995 Market Street
The grant would be used towards a part-time advocate to prepare cases for VA and SSI benefits.

Westside Community Mental Health Ctr. **$32,000**
525 5th Street
The grant would pay for a part-time case manager and an assessment manager.

Subtotal **$185,500**

Maintenance and Operation Expenses
These grants would pay basic operation expenses at homeless shelters and other homeless support organizations.

Asian Women's Shelter **$16,000**
location confidential
The grant would pay for operating costs such as utilities and insurance for the shelter.

Central City Hospitality House **$12,000**
146 Leavenworth Street
The grant would be used towards repairs and maintenance, janitorial equipment, hygiene, cleaning supplies, and insurance. Central City Hospitality House is a community

Essential and Social Services, Continued

Golden Gate Community Services **$12,500**
1387 Oak Street
The grant would be used to hire a part-time intake manager. Golden Gate seeks to convert its shelter to transitional family housing.

La Casa de las Madres **$30,000**
location confidential
The grant would pay for a women's advocate at the shelter. La Casa de las Madres is a shelter for battered women and their children.

Swords to Plowshares **$19,000**
995 Market Street
The grant would be used towards a part-time advocate to prepare cases for VA and SSI benefits.

Westside Community Mental Health Ctr. **$32,000**
525 5th Street
The grant would pay for a part-time case manager and an assessment manager.

Subtotal **$185,500**

Maintenance and Operation Expenses
These grants would pay basic operation expenses at homeless shelters and other homeless support organizations.

Asian Women's Shelter **$16,000**
location confidential
The grant would pay for operating costs such as utilities and insurance for the shelter.

Central City Hospitality House **$12,000**
146 Leavenworth Street
The grant would be used towards repairs and maintenance, janitorial equipment, hygiene, cleaning supplies, and insurance. Central City Hospitality House is a community center in the Tenderloin which provides support services to the homeless.

Maintenance and Operation Expenses, Continued

Chemical Awareness and Treatment Svcs. $26,750
930 Gough Street
The grant would be used for six-months' rent at St. Paulus Women's Center. Chemical Awareness and Treatment Services provides emergency shelter and support services to single women.

Community Housing Partnership $15,000
126 Hyde Street
The grant would be used for food to provide meals to homeless adults.

Episcopal Community Services $40,000
201 8th Street
The grant would be used to pay for maintenance and operation expenses. Episcopal Community Services provides temporary shelter and food at its adult shelter.

Friendship House Assoc. of Amer. Indians $23,000
80 Julian Avenue
The grant would be used to pay for rent, utilities, telephone, office supplies, food, and client expenses. Friendship House provides emergency care for homeless American Indians suffering from alcohol and drug addictions.

Hamilton Family Center $50,000
1525 Waller Street
The grant would be used to pay rent and utilities. Hamilton Family Center is an emergency center for homeless families, operating 24 hours a day, throughout the year. The population served are parents with children, expecting couples, and single pregnant women.

La Casa de las Madres $30,000
location confidential
The grant would pay for rent, utilities, telephone and maintenance costs for the Casa de las Madres Shelter.

Larkin Street / Diamond Youth Center $16,000
536 Central Avenue
The grant would pay for utilities, telephone, insurance and laundry. Diamond Youth Center is a shelter for homeless youth ages 12 to 17.

Maintenance and Operation Expenses, Continued

Larkin Street Services **$26,000**
1044 Larkin Street
The grant would pay for rent, utilities, telephone, and custodial services. Larkin Street Services provides counseling and day-time drop-in services to homeless youth age 12 to 18.

Salvation Army **$58,000**
240 Turk Street
The grant would pay for food, utilities, insurance, equipment and furnishings, janitorial services, laundry, and maintenance expenses at its homeless shelter for men.

Traveler's Aid of San Francisco **$20,000**
44 McAllister Street
The grant would pay for rental of the 16 hotel rooms at the Civic Center Residence, which is owned by the Tenderloin Neighborhood Development Corporation.

Subtotal **$332,750**

Homeless Prevention Services

These grants would fund programs dedicated to preventing homelessness and to assisting the homeless in obtaining government benefits.

American Red Cross **$63,000**
1550 Sutter Street
$55,000 of the grant would pay for one-time rental assistance for individuals and families facing eviction because of inability to pay rent. $8,000 of the grant would be used for a portion of the account specialist's salary.

Bar Association of San Francisco **$20,000**
995 Market Street
The grant would pay for salaries of staff to recruit, train, and supervise volunteer attorneys and paralegals who would provide legal services to clients in matters such as eviction defense and obtaining public and housing benefits.

Subtotal **$83,000**

MOCD Administration	$20,000

This amount would fund the salaries of a program administrator and an accountant at the MOCD, for a combined .5 FTE of staff time, to administer the proposed grants.

TOTAL	$621,250

Project Budget:

Essential and Social Services (30% of total grant)

Description	Amount
Asian Women's Shelter	$14,000
Catholic Charities/Richmond Hills Family Center	32,000
Catholic Charities Family Services	20,000
Dolores Street Community Center	26,000
Golden Gate Community	12,500
La Casa de las Madres	30,000
Swords to Plowshares	19,000
Westside Community Mental Health Center	32,000
Subtotal	$185,500

Maintenance and Operation Expenses (54% of total grant)

Description	Amount
Asian Women's Shelter	$16,000
Central City Hospitality House	12,000
Chemical Awareness and Treatment Services	26,750
Community Housing Partnership	15,000
Episcopal Community Services	40,000
Friendship House Association of American Indians	23,000
Hamilton Family Center	50,000
La Casa de las Madres	30,000
Larkin Street Youth Center	16,000
Larkin Street Diamond Youth Center	26,000
Salvation Army	58,000
Traveler's Aid of San Francisco	20,000
Subtotal	$332,750

Homeless Prevention (13% of total grant)

Description	Amount
American Red Cross	$63,000
Bar Association/Homeless Advocacy Project	20,000
Subtotal	$83,000

MOCD Administration (3% of total grant)	$20,000
TOTAL	$621,250

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Required Match: $621,250 ($1,006,219 is to be provided in the 1995 Community Development Block Grant Program (CDBG), see Comment 1).

Indirect Costs: $120,000 (to be provided from the 1995 Program for the MOCD administration of HUD funds allocated for the CDBG and other miscellaneous programs including ESGP).

Comments:

1. Mr. Jon Pon of the MOCD reports that HUD requires a minimum of $621,250 in matching funds from the City to be used for projects targeted at the homeless population. Mr. Pon states that a total of $1,006,219 allocated for 12 homeless-related projects in the 1995 CDBG Program has been identified as matching funds for the ESGP. (see the Attachment)

2. The proposed grant allocation of $621,250 represents a reduction of $22,750 from the 1994 allocation of $644,000.

3. The MOCD has prepared a disability access checklist, which is in the file.

Recommendation: Approve the proposed resolution.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

ATTACHMENT

The source of matching funds is the 1995 Community Development Block Grant Program. The following project activities and funding amounts are identified as matching funds.

Episcopal Community Services renovtion of shelter sanitation facilities	$39,000
Glide Foundation renovation of kitchen serving meals to homeless	$94,000
Central City Hospitality House employment services for homeless youth	$48,416
Larkin Street Services crisis intervention for homeless youths	$25,000
Asian Women's Shelter shelter services for battered women	$21,500
La Casa de las Madres shelter services for battered women	$52,000
Catholic Charities of S.F. homeless prevention assistance to families	$30,000
St. Vincent de Paul drop-in services for homeless adults	$45,000
Traveler's Aid of S.F. case management for homeless persons	$36,600
Swords to Plowshare advocacy services for homeless vets	$35,000
Community Housing Partnership planning projects to employ homeless persons	$29,703
Homeless Program Pool projects in Continuum of Care plan	550,000
Total	$1,006,219

Item 7 - File 97-94-72

Department: Department of Agriculture and Weights and Measures

Item: Ordinance amending Administrative Code by amending Section 1.13-5 thereof, to increase the fees charged for the registration and inspection of weighing and measuring devices, effective January 1, 1995.

Description: Section 1.13-5 of the Administrative Code lists the fees that the Department of Agriculture and Weights and Measures is authorized to charge to offset the actual costs of inspecting and testing weighing and measuring devices. The proposed ordinance would modify the Department's existing fees in order to fully recover the Department's costs to provide testing and inspection services, as follows:

Number of Devices	Current Fee Per Location	Proposed Fee Per Location	Increase	Percentage Increase
1 - 3	$20	$40	$20	50%
4 - 9	40	80	40	50
10 - 19	60	120	60	50
20 - 25	60	160	100	167
Over 25	60	200	140	233

In addition, the proposed ordinance would establish one new fee for inspecting electric and gas vapor meters at mobilehome parks, recreational vehicle parks and apartment complexes where the owner of the mobile home or recreational vehicle park or apartment complex owns and is responsible for such utility meters. The proposed fee to inspect and test utility meters at the foregoing locations would be $60 per mobile home or recreational vehicle park or apartment complex, plus $2.00 per space or apartment unit.

The proposed fee increases and the proposed new fee would become effective on January 1, 1995.

Comments:

1. The proposed fee increases and the proposed new fee are the result of the adoption of State legislation in 1994 which authorized counties to increase fees for the testing and inspection of weighing and measuring devices to the State-imposed maximum levels. These proposed fee increases are contained in the Table above.

2. The Department of Agriculture and Weights and Measures reports that the current revenue generated annually for the

above-noted existing fees is approximately $71,000. The Department estimates that, based on the proposed increase in the existing fees and the establishment of the new fee, an additional $60,000 in revenues would be generated annually, bringing the total amount of annual revenues generated to $131,000. The estimated increase in revenues has been previously included in the FY 1994-95 budget for the Department of Agriculture and Weights and Measures, as adopted by the Board of Supervisors. The budgeted revenues assumed an effective starting date of January 1, 1995 (as the proposed legislation stipulates) for the proposed fee increases and the proposed new fee.

Recommendation: Approve the proposed ordinance.

Item 8 - File 28-94-15

Department: Port Commission

Item: Resolution approving a declaration of emergency for the repair of the Ferry Building roof deck for $35,000.

Amount: $35,000

Source of Funds: Emergency Project Funds of the Port Operating Fund

Description: On September 18, 1994, rain water began leaking into the offices of the firm of Limbach & Limbach, a tenant of the Port of San Francisco. The third floor deck of the Ferry Building directly over this office was found to be cracked and in need of a new surface to seal the cracks. The condition of the roof was declared an emergency on September 27, 1994, by the San Francisco Port Commission. It was also determined that Port maintenance staff could not perform the repair work because the roof deck requires a coating of a special sealant in order to protect the Ferry Building from water damage.

After declaring the damaged roof an emergency, the Port developed a set of specifications that detailed the type of sealant to be used on the roof, and then made several attempts to locate a contracting firm that could meet those specifications. On November 21, 1994, the Port received a bid in the amount of $41,790 from Vintage Contractors, which submitted a proposal that meets the Port's specifications. Vintage Contractors is not a MBE/WBE firm.

The Port is requesting that the Board of Supervisors approve the declaration of emergency made by the San Francisco Port Commission, in accordance with Administrative Code Section 6.30.

Comments: 1. Mr. Cliff Jarrard, Chief Engineer for the Port, advises that no other Port tenants were affected by the leaking roof.

2. Mr. Jarrard states that a highly durable and effective roof sealant product, known as Dex-O-Tex, was specified in the requests for contract bids, and that the delay between the declaration of the emergency and the final acceptance of the bid from Vintage Contractors was due to the difficulty in finding a contractor which was familiar with and able to use the sealant.

3. According to Mr. Jarrard, Vintage Contractors will hire a subcontractor, Global Coating, to remove the existing plaster

and sheet metal work along the walls adjacent to the roof deck and replace the sheet metal and plaster. The sheet metal work is part of the water proofing system that diverts rainwater behind the plaster wall to the roof deck. Global Coating is not a MBE/WBE firm. Vintage Contractors will then apply a fabric coating to the roof deck surface and seal the fabric with the Dex-O-Tex sealant.

4. The amount of the bid, $41,790, is higher than the $35,000 stipulated in the proposed resolution. Therefore, the resolution to approve a declaration of emergency for the repair of the Ferry Building roof deck should be amended to include $41,790, instead of $35,000.

Recommendations: 1. Amend the proposed resolution to approve a declaration of emergency for the repair of the Ferry Building roof deck in the amount of $41,790, instead of $35,000.

2. Approve the proposed resolution as amended.

Item 9 - File 101-91-40.4

Department: Airport Commission

Item: Requesting release of reserved funds in the amount of $457,368 for contractual services for infrastructure repair and maintenance work.

Amount: $457,368

Source of Funds: 1990 Airport Series E Revenue Bond Interest Earnings

Description: In February of 1992, the Board of Supervisors approved an ordinance appropriating $17,501,272 in Airport Revenue Bond interest earnings for capital improvement projects. Of this amount, $9,692,875 was placed on reserve for construction contracts, pending the selection of contractors, the submission of budget details and the MBE/WBE status of the contractors. The Board subsequently released $9,235,507 of these reserved funds for contractual services for infrastructure repair and maintenance work at the Airport, thereby, leaving a balance of $457,368 on reserve.

Through a Request for Proposal, the Airport Commission selected a contractor and awarded a contract for a terminal improvement capital project on October 18, 1994. The Airports Commission is now requesting the release of the remaining $457,368 in reserved funds for this contract.

Project Budget:

South Terminal Drawings Computer Assisted Design (CAD) Conversion $498,000

This project will verify and revise as-built drawings of the South Terminal into Autocad format. The data will be entered into the Airport's Geographical Information System.

Prime Contractor:
EPC Consultants, Inc. (43.8%)

Subcontractors:
SH Engineers (9.8%)
Towhill, Inc. (16.1%)
Draftics, WBE (21.1%)
Cabellon, MBE (6.2%)
Kodama Associates, MBE (3.0%)

Total MBE/WBE Participation - 30.3%

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CAD Conversion	$ 406,530
Architecture, Engineering & Inspection These services will be performed in-house by Airport employees and are budgeted at 15% of CAD conversion costs of $406,530	60,980
Contingency 7.5% of CAD conversion contract costs	30,490
Total Project Costs	$ 498,000

Comments:

1. According to Mr. Kevin Kone, Financial Planner for the Airport Commission, the difference of $40,632 between the total project cost of $498,000 and the remaining reserve of $457,368 which is being requested for release, will be funded by the Airport Capital Improvement Fund. Mr. Cesar Sanchez, Chief Accountant for the Airport Commission, reports that there are previously appropriated unused funds available in the Airport Capital Improvement Fund sufficient to absorb the $40,632 required to fully fund this contract.

2. Mr. Kone states that although the contract has been awarded, work on the project has not begun and, therefore, no retroactivity clause is required.

Recommendation: Approve the release of reserves in the amount of $457,368.

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Items 10 and 11 - Files 101-94-26 and 101-94-33

Department: District Attorney

Item: Item 10, File 101-94-26 - Supplemental appropriation ordinance for permanent salaries and mandatory fringe benefits to address underfunding in the District Attorney's Office; subject of previous budget denial.

Item 11, File 101-94-33 - Supplemental appropriation ordinance for salaries, fringe benefits, and training to address underfunding in the District Attorney's Office; subject of previous budget denial.

Amount:

Item 10, File 101-94-26 -	$1,000,000
Item 11, File 101-94-33 -	650,000
Total	$1,650,000

Source of Funds: General Fund-General Reserve

Description: The District Attorney's Fiscal Year 1994-95 General Fund budget request for Criminal and Civil Prosecution and Administration salaries, net of salary savings, was reduced by the Mayor's Office by $856,619, or from $10,966,463 to $10,109,844. In addition, the position count in the FY 1994-95 budget for Criminal and Civil Prosecution and Administration was reduced by 10, or from 168 to 158. The District Attorney's budget for Criminal and Civil Prosecution and Administration salaries, net of salary savings, was further reduced by the Board of Supervisors during the FY 1994-95 budget process by $101,131, or from $10,109,844 to $10,008,713. Thus, the Fiscal Year 1994-95 General Fund budget request for Criminal and Civil Prosecution and Administration salaries in the District Attorney's Office, net of salary savings, was reduced by a total of $957,750, or from $10,966,463 to $10,008,713.

The subject supplemental appropriation requests, for the period retroactive from November 5, 1994 through June 30, 1995, which total $1,650,000, would be allocated as follows:

Permanent Salaries	$1,377,000
Mandatory Fringe Benefits (18.52 percent)	255,000
Training	18,000
Total	$1,650,000

It should be noted that although the District Attorney's Fiscal Year 1994-95 General Fund budget request for Criminal and Civil Prosecution and Administration salaries, net of salary savings, was reduced by the Mayor's Office and by the Board of

Supervisors by a total of $957,750, the subject supplemental appropriation requests, totaling $1,377,000 for salaries, would exceed the amount by which the budget was reduced by $419,250 ($1,377,000 less $957,750).

According to Ms. Bridget Bane of the District Attorney's Office, with the approval of the Mayor's Office, the District Attorney's Office has continued to provide services which the District Attorney believes are needed, instead of reducing its staff commensurate with the reduction in budgeted net salaries. Accordingly, the District Attorney's Office has incurred actual salary costs of $4,021,873 through November 4, 1994, and projects such salary costs from November 5, 1994, through June 30, 1995, for Criminal and Civil Prosecution and Administration at its current rate of expenditures, as detailed below:

Actual expenditures - 7/1/94-11/4//94	$4,021,873
Projected expenditures - 11/5/94-6/30/95	7,539,279
Total Projected Expenditures	$11,561,152
Budget	$10,008,713
Projected Shortfall - Salaries	$1,552,439
Fringe Benefits (19.5%)	302,726
Projected Salary and Fringe Benefits Shortfall	$1,855,165

The District Attorney Office's projected salary and fringe benefits shortfall is based on salary and fringe benefit expenditures for the Fiscal Year 1994-95 assuming that the existing level of services performed by the Office continues throughout the year.

The District Attorney's Office reports that although its FY 1994-95 budget has been reduced, its workload will be significantly increased during FY 1994-95 by the increased volume of work which will result from the addition of approximately 200 additional police officers and by the "three strikes" legislation, recently put into effect. However, the Budget Analyst notes that the Police Department's 1994-95 hiring plan for uniformed officers, based on the final approved 1994-95 budget, would add 190 new officers <u>gradually</u> over the fiscal year. These Police Officers would be trained in four separate Police Academy classes. Since the hiring will be phased in over the year, the increase in full time Police Officers will be approximately 44 FTEs for the year and <u>not</u> 200 as the District Attorney's Office has advised. Also, all except 30 of the

190 new Police Officers will still be in training at the end of the 1994-95 Fiscal Year.

According to the District Attorney's Office, of all the needed services to be performed when a shortage in resources occurs, such as the projected budgetary shortfall that is the subject of this proposed supplemental appropriation request, the District Attorney's Office will first reduce the prosecution of non-violent misdemeanors in order to stay within budgeted funding for prosecution. The District Attorney's Misdemeanor Unit had 18 attorney positions when it was fully staffed, but the unit is currently operating with only 12 attorneys due to higher priority felony cases and positions being defunded.

In addition to the reductions that would be made in the Misdemeanor Unit, the District Attorney's Office reports that the following list of services which the Office has been able to provide might also be adversely impacted should this requested supplemental appropriation not be approved:

1. The Child Abduction Unit, which was established in 1994 to find and recover abducted children. The Child Abduction Unit consists of four prosecution positions.

2. The Bad Check Unit, which was established in 1994 to enable individuals and merchants to receive restitution for bad checks. Prior to the establishment of the Bad Check Unit, the Police Department would only process cases involving checks over the amount of $2,500. The Bad Check Unit consists of one investigator position.

3. The Hate Crimes unit, which was established in 1989 to enhance the prosecution of hate crimes. The Hate Crimes Unit consists of one attorney position and approximately 0.3 investigative support staff positions.

4. The Felony Domestic Violence Unit, which was established in 1989 to provide vertical prosecution of felony domestic violence cases. The Felony Domestic Violence Unit consists of two attorney positions.

5. The Night Rebookings Unit, which was established in 1992 to help alleviate the jail overcrowding problem. The Night Rebookings Unit consists of one attorney.

6. The Elder Abuse Unit, which was established in 1993 to address the increasing problem of elder abuse. The Elder Abuse Unit consists of 1.5 attorney positions.

7. The Misdemeanor Domestic Violence Advocacy Unit, which was established in 1994 to provide domestic violence victims with counseling, escort, and court liaison services. The Misdemeanor Domestic Violence Advocacy Unit consists of 2 attorney positions.

8. The Special Emphasis Unit, which was established in 1994 to provide services and counseling to families of murder victims in the Bayview/Hunters Point Area. The Special Emphasis Unit consists of 1.5 Victim/Witness staff positions.

Regarding Item 10, File 101-94-26, the proposed supplemental appropriation ordinance would provide an additional $846,000 for prosecution salaries and $154,000 for fringe benefits for a total of $1,000,000 for the period retroactive from November 5, 1994 through June 30, 1995.

Item 11, File Number 101-94-33, requests a total of $650,000, including $531,000 for prosecution salaries and $101,000 for fringe benefits for the period retroactive from November 5, 1994, through June 30, 1995, and $18,000 for training funds. The additional $18,000 in training funds is in accordance with a Memorandum of Understanding. Mr. Mike Martin of the Mayor's Office states that the Mayor's Office anticipated that $500,000 of the required salary and fringe benefit shortfall of $632,000 would be transferred to the District Attorney's Office from the Police Department in recognition of savings created by the Court Overtime Project. However, such overtime savings were used in the fiscal plan of the Mayor and the Board of Supervisors to balance the City's budget. Also, according to Mr. Martin, the use of $500,000 in such Police overtime funds needed by the Police Department for security during the newspaper strike makes such a transfer impossible, in any event. Therefore, additional funds have been requested under this legislation. Regarding this supplemental appropriation request for $531,000 in additional salaries, there were <u>no additional </u>cuts made by the Mayor or the Board of Supervisors in the District Attorney's budget for Criminal and Civil Prosecution and Administration salaries.

Comments:

1. As previously stated, nearly all of the reductions in budgeted salaries for the District Attorney's Office were made by the Mayor's Office, in the amount of $856,619, during the FY 1994-95 budget process. The $18,000 reduction in training was made by the Board of Supervisors during the FY 1994-95 budget process, based on actual usage of training funds by the District Attorney's Office during FY 1993-94. Therefore, these requests are the subject of previous budgetary denial and require a two-thirds vote of the Board of Supervisors for approval.

2. The District Attorney's Office reports that the number of reported felony cases processed by the Department has steadily increased as follows (based on Municipal Court filings statistics compiled by the State Justice Department- actual for calendar years 1990 through 1993 and projected for 1994):

1990	9,189
1991	10,153
1992	11,400
1993	12,359

3. The Attachment to this report shows the budgeted funds and related number of permanent authorized positions in the District Attorney's budget for the last five fiscal years – FY 1990-91 through FY 1994-95. The Attachment excludes the Family Support Bureau, which is funded 100 percent by Federal funds. Also, grant funded positions were not included in the budget prior to FY 1993-94. The Attachment shows that for Criminal and Civil Prosecutions and Administration, the number of authorized positions has decreased by 14, from 183 in FY 1990-91 to 169 in FY 1994-95. The funding data show that based on the current budget for FY 1994-95, funding for salaries would decrease by $188,122 ($10,196,835 for Fiscal Year 1990-91 minus $10,008,713). However, when this supplemental funding request for salaries of $846,000 under File 101-94-26 and $531,000 under File 101-94-33 or a total of $1,377,000 is added to the existing FY 1994-95 budget of $10,008,713, the increase in funding from FY 1990-91 to FY 1994-95 is $1,188,878 ($11,385,713 for 1994-95 less $10,196,835 for 1990-91). Yet, as currently proposed by the two supplemental appropriation requests, an additional $1,377,000 would be required in FY 1994-95 to fund a total of 14 fewer positions.

4. The Department originally budgeted $26,000 for training, $18,000 of which was cut during the budget process based on actual spending experience. The District Attorney's Office has now provided the Budget Analyst with a copy of the Memorandum of Understanding between the City and the

Municipal Attorney's Association of San Francisco, which provides that $250 in training funds is to be made available for each attorney within the District Attorney's Office. According to Ms. Mary King of the District Attorney's Office, the funding of $26,000 including the restoration of the $18,000 previously cut, would provide training for 104 funded positions within the District Attorney's Office.

5. As previously stated, Ms. Bane of the District Attorney's Office has stated that, with the approval of the Mayor's Office, the District Attorney's Office has continued to provide services which the District Attorney believes are needed, instead of reducing its staff commensurate with the reduction in budgeted net salaries. Contrary to Ms. Bane's statement, Mr. Martin states that the District Attorney is expected to manage with the resources provided the Department in the budget, plus the sum of $500,000 which was expected to be the savings amount from the Police Overtime Project, as previously discussed. Further, Mr. Martin also estimates a need for 1.3 additional FTEs for jail overcrowding staff to comply with the Federal Appeals Court.

6. As noted above, although the District Attorney's Fiscal Year 1994-95 General Fund budget request for Criminal and Civil Prosecution and Administration salaries, net of salary savings, was reduced by the Mayor's Office and by the Board of Supervisors by a total of $957,750, the subject supplemental appropriation requests, totaling $1,377,000 for such salaries, would exceed the amount by which the budget was reduced by $419,250 ($1,377,000 less $957,750). Also, as noted above, these requests are the subject of previous budgetary denial and thus require a two-thirds vote of the Board of Supervisors for approval.

7. Therefore, based on the original FY 1994-95 budget request by the District Attorney's Office of $10,966,463 for Criminal and Civil Prosecution and Administration salaries, net of salary savings, the amount required to restore the Department to its original budget request is $957,750, and not the $1,377,000 as is being requested in these supplemental appropriation ordinances. Therefore, the amount requested of $1,377,000, for both Files 101-94-26 and 101-94-33, should be reduced by $419,250 to $957,750, and related mandatory fringe benefits should be reduced by $77,639 from the requested $255,000 to $177,361 (18.52 percent).

8. Implementation of the Budget Analyst's recommendations would restore the District Attorney's salary budget for Criminal and Civil Prosecution and Administration to the

original FY 1994-95 budget request submitted by the District Attorney, based on the Mayor's budget instructions. If the Budget Analyst's recommendations are accepted, this would provide the District Attorney with full funding restoration to his original FY 1994-95 budget level, which no other major General Fund Department has received with the exception of mandated funding levels for the Police Department and the Public Library.

Recommendations: 1. Amend the proposed legislation to provide for retroactive actions previously taken.

2. In accordance with Comment No. 7 above, amend the proposed supplemental appropriation ordinance (Item 11, File 101-94-33) to reflect the retroactive nature of the need for additional funds from November 5, 1994, and by reducing the amount of the appropriation request as follows:

Permanent Salaries: Reduce by $419,250 from $531,000 to $111,750.
Mandatory Fringe Benefits: Reduce by $77,639 from $101,000 to $23,361.

3. Approve the proposed ordinance (Item 11, File 101-94-33), as amended.

4. As indicated above, if the Budget Analyst's recommendations are accepted, then the total requests of the District Attorney in the amount of $1,650,000 would be reduced by $496,889 ($419,250 in salaries plus $77,639 in fringe benefits) to $1,153,111. The Budget Analyst's recommendations would add $1,153,111 to the District Attorney's Fiscal Year 1994-95 budget and would fully restore the District Attorney's funding level to the original Fiscal Year 1994-95 budget request for salaries.

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District Attorney Positions per the Annual Salary Ordinance (Excludes Family Support Bureau)

FY 1990/91	Attorneys	DA Investigators	Support	Total	Funding
Criminal and Civil Prosecution	93	31	55	179*	$9,839,464
Administration	2	0	2	4*	$357,371
Work Orders	2	10	2	14	
Projects	5	2	8	15	
Grants					
Total	102	43	67	212	$10,196,835

FY 1991/92	Attorneys	DA Investigator	Support	Total	Funding
Criminal and Civil Prosecution	93	28	53	174	$9,876,708
Administration	2		2	4	$363,535
Work Orders	2	10	2	14	
Projects	5	2	13	20	
Grants					
Total	102	40	70	212	$10,240,243

FY 1992/93	Attorneys	DA Investigator	Support	Total	Funding
Criminal and Civil Prosecution	91	29	49	169**	$10,754,500
Administration	2	0	2	4**	$386,801
Work Orders	2	10	2	14	
Projects	5	2	11	18	
Grants					
Total	100	41	64	205	$11,141,301

FY 1993/94	Attorneys	DA Investigator	Support	Total	Funding
Criminal and Civil Prosecution	91	29	50	170	$10,981,525
Administration	2	0	2	4	$348,117
Work Orders	3	14	3	20	
Projects	5	2	11	18	
Grants	4	1	11	16	
Total	105	46	77	228	$11,329,642

FY 1994/95	Attorneys	DA Investigator	Support	Total	Funding
Criminal and Civil Prosecution	91	30	44	165	$9,648,544
Administration	2	0	2	4	$360,169
Work Orders	3	16	3	22	
Projects	5	2	11	18	
Grants	7	2	13	22	
Total	108	50	73	231	$10,008,713
Funds requested in this supplemental appropriation request.					$1,377,000
Total					$11,385,713

* Totals 183

** Totals 169

Item 12 - File 101-94-29

Department: Sheriff

Item: Supplemental appropriation ordinance appropriating $690,572 from the General Fund Reserve for salaries, fringe benefits, other non-personal services, materials and supplies, and equipment to open additional beds at the new jail facility and to continue the Work Furlough Program for FY 1994-95.

Amount: $690,572

Source of Funds: General Fund Reserve

Description: The new jail facility, located at Bryant and Seventh Streets, is scheduled to open on December 1, 1994. However, because of the City's budget constraints, funding was provided in the Sheriff's Department FY 1994-95 budget for the opening of only three of the new jail's six pods in FY 1994-95. A pod is an open jail module, as opposed to the traditional linear-style cell blocks, where inmates are collectively supervised by Deputy Sheriffs. The three pods to be opened (Pods A, B and C) will each provide between 55 and 110 inmate beds, for a total of 220 inmate beds for all three pods.

However, a total of 288 inmate beds are needed, or 68 beds more than what the three pods will provide, in order to accommodate (a) the 168 inmates currently housed in Alameda County's jails who are scheduled to be transferred to the new jail facility on December 1, 1994; (b) the 66 inmates currently participating in the Residential Beds Program who will be transferred to the new jail facility on January 1, 1995;[1] and (c) the 54 inmates currently enrolled in the Work Furlough Program,[2] which is scheduled to terminate on December 1, 1994 because, due to a shortage of experienced staff, the ten 8304 Deputy Sheriff positions currently operating the Work Furlough Program are being transferred to work in the new jail facility. A breakdown of the activities affecting the City's jail space is as follows:

[1] The Residential Beds Program provides beds and substance abuse treatment services to inmates as an alternative to incarceration. Due to budget constraints, funding for the Residential Beds Program was provided only for the first six months of FY 1994-95 (July 1, 1994 through December 31, 1994).

[2] The Work Furlough Program permits low-risk inmates to work outside of the jail during the daytime and to return to custody in the evenings.

Activity	No. of Beds
Opening of Pods A, B and C in New Jail	220
Transfer of Inmates in Alameda County's Jail	(168)
Closing of Work Furlough Program	(54)
Closing of Residential Beds Program	(66)
Additional Need for Inmate Beds	(68)

According to Sergeant Richard Ridgeway of the Sheriff's Department, based on past experience, the Sheriff's Department anticipates an increase in the inmate population during the winter months. As such, Sergeant Ridgeway estimates that more than 68 additional inmate beds will be needed. In order to compensate for the additional need of 68 inmate beds and to provide additional beds for the anticipated rise in the prison population, the Sheriff's Department is proposing that a fourth pod (Pod F) in the new jail facility be opened in May of 1995, which would accommodate 104 inmates. Furthermore, the Sheriff's Department hopes to restore the Work Furlough Program in February of 1995, thereby providing an additional 54 inmate beds, for a total net increase of 90 inmate beds, as follows:

Activity	No. of Beds
Opening of Pod F in New Jail	104
Restoration of Work Furlough Program	54
Number of Additional Inmate Beds Needed	(68)
Net Increase in Inmate Beds	90

The proposed supplemental appropriation ordinance would provide funding to hire 14 (8302) Deputy Sheriffs to staff a fourth pod (Pod F) in the new jail facility and ten (8302) Deputy Sheriffs to operate the Work Furlough Program after the Program is restored in February of 1995. In addition, funding would be provided for the Alternatives Program's new lease at 555 Seventh Street (See Relocation of Alternatives Program in the budget below).[3]

Budget:

8302 Deputy Sheriff I Salaries (New Jail) $249,900

This amount would provide funding to hire 14 (8302) Deputy Sheriff positions to staff Pod F in the new jail facility. These 14 Deputy Sheriffs would attend the December 12, 1994 class at the San Francisco Police Academy in order to receive Peace Officer Standard of Training (POST) certification in time for

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[3] The Alternatives Program oversees programs, such as the Work Furlough Program and the Residential Beds Program, which offer prisoners an alternative to incarceration.

the May, 1995 opening of Pod F in the new jail facility. At a biweekly salary of $1,190 for 15 pay periods (December 6, 1994 through June 30, 1995), the total cost for 14 (8302) Deputy Sheriff positions would be $249,900.

Fringe Benefits (New Jail) $61,110
This amount is equivalent to approximately 24.5 percent of 8302 Deputy Sheriff salaries.

8302 Deputy Sheriff I Salaries (Work Furlough Program) $178,500
This amount would provide funding to hire ten Deputy Sheriff positions to replace the ten 8304 Deputy Sheriffs who are currently running the Work Furlough Program but who are scheduled to work in the new jail facility starting on December 1, 1994. These ten (8302) Deputy Sheriffs would be hired on December 6, 1994 and would attend a six-week training course conducted by the Sheriff's Department prior to re-starting the Work Furlough Program, which the Sheriff hopes to restore in February of 1995. These ten Deputy Sheriffs will likely start training for their POST certification in May of 1995. At a biweekly salary of $1,190 for 15 pay periods (December 6, 1994 through June 30, 1995), the total cost for ten (8302) Deputy Sheriff positions would be $178,500. The total request for salaries for the 24 (8302) Deputy Sheriff positions is $428,400 ($249,900 plus $178,500) for the period December 6, 1994 through June 30, 1995. These 24 positions are included in the budget but are not filled due to required salary savings. The $428,400 would provide the funding to fill these vacant positions (See Comment No. 1).

Fringe Benefits (Work Furlough Program) $43,650
This amount is equivalent to approximately 24.5 percent of 8302 Deputy Sheriff salaries of $178,500. The total request for fringe benefits for the 24 (8302) Deputy Sheriff positions is $104,760 ($61,110 plus $43,650).

8302 Deputy Sheriff I Training $75,000
All 8302 Deputy Sheriff positions are required to receive POST certification within their first 18 months of service. Although Deputy Sheriffs normally receive POST certification at the San Francisco Police Academy, Lieutenant Tony Balzer of the Police Department anticipates that there will most likely not be sufficient space at the San Francisco Police Academy in FY 1994-95 to accommodate both Police and Sheriff Department recruits. According to Sergeant Ridgeway, although there is sufficient space at the Police Academy to accommodate the 14 Deputy Sheriffs to be hired to work in Pod F at the new jail facility, the remaining ten Deputy Sheriffs to be hired for the

Work Furlough Program would have to receive training at an academy other than the San Francisco Police Academy. The estimated cost is $7,500 per Deputy Sheriff, or a total estimated cost of $75,000 for ten Deputy Sheriffs. Such training would take place at the Santa Rosa Police Academy.

Holiday Pay $12,382
Because it was anticipated that the new jail facility would open after January 1, 1995, no funding was included in the budget for holiday pay for Christmas and New Year's Day at the new jail facility. Because the new jail facility is now scheduled to open on December 1, 1994, $12,382 is needed for holiday pay for three Lieutenants and 28 Deputy Sheriffs to work on Christmas and New Year's Day. This amount is equivalent to 1.5 x the average wage of $16.64 per hour x 16 hours (2 days) x 31 positions (See Comment No. 6).

Materials and Supplies $125,200
The following is a breakdown of the Materials and Supplies supplemental request:

For New Jail Facility:	
Two (2) Metal Detectors @ $2,695 ea.	$5,390
Four (4) Bullet-Proof Vests for Deputies who must transport prisoners @ $340 ea.	1,360
38 Uniform Sets for 8302 Deputy Sheriffs @ $1,800 ea.	68,400
38 Weapons @ $325 ea.	12,350
For Pod F Only:	
150 Mattresses (with 46 in reserve) @ $50 ea.	7,500
720 Sheets @ $8.33 ea.	6,000
1,080 Blankets @ $12.08 ea.	13,050
720 Towels @ $1.39 ea.	1,000
312 Sets of Inmate Clothing (shirt, pants, socks, thong) @ $10.58 ea.	3,300
500 Sets of Inmate Toiletries (toothbrush, toothpaste, comb, soap) @ $0.50 ea.	250
Six (6) Storage Cabinets @ $100 ea.	600
Total - Materials and Supplies	$119,200*

* See Comment No. 7.

Computer Equipment $21,454
This amount would provide funds for an automated prisoner classification system, which would allow the Sheriff's Department to gain access to prisoner information from a central, linked database. According to Sergeant Ridgeway, the purchase of this computer equipment has been approved by

EIPSC. A breakdown of the request for Computer Equipment is as follows:

Four (4) Compaq DeskPro Computers @ $2,920 ea.	$11,680
Four (4) Monitors @ $475 ea.	1,900
Four (4) Video Cards @ $155 ea.	620
1 HP Laserjet Printer	925
Four (4) Advanced 3270 Adapters @ $399 ea.	1,596
Four (4) Sets of Software (Windows) @ $298 ea.	1,192
Four (4) Sets of Software (Lotus) @ 465 ea.	1,860
Total - Computer Equipment	$19,773**

** See Comment No. 8.

Relocation of Alternatives Program (Other Non-Personal Services) $38,576

The Sheriff's Department Alternatives Program was formerly located in a leased facility at 245 Harriett Street. That lease provided 2,578 square feet at approximately $0.85 per square foot per month, for an annual cost of $26,136 ($2,178 per month). Because the building at 245 Harriett Street was sold in October of 1994, the Alternatives Program was forced to relocate to temporary space at 1390 Market Street. The Alternatives Program plans to occupy this space at 1390 Market Street, which costs $4,167 per month for 3,175 square feet ($1.31 per square foot per month), until it is able to relocate to permanent space at 555 Seventh Street.

The space at 555 Seventh Street is currently being leased by the Police Department's Office of Citizen Complaints (OCC), which is relocating to 760 Harrison Street in mid-January, 1995.[4] The Alternatives Program plans to assume OCC's lease, which currently provides 2,890 square feet at $2.13 per square foot per month, for an annual cost of $73,890 (approximately $6,157 per month, including approximately $940 per month for utilities, janitorial service and other operating expenses). Based on an anticipated rent increase of 13.7 percent, the Sheriff's Department estimated that the rent at 555 Seventh Street would increase to $84,000 per year ($7,000 per month or $2.42 per square foot per month).

According to Sergeant Ridgeway, the Alternatives Program had originally planned to move to 555 Seventh Street directly from 245 Harriett Street by November 1, 1994. Sergeant

[4] The OCC's new lease at 760 Harrison Street was previously approved by the Board of Supervisors in July of 1994 (File 64-94-11).

Ridgeway reports that there is $26,136 included in the Sheriff's Department FY 1994-95 budget for the rent at 245 Harriett Street. The rent for the first four months (July 1, 1994 through October 31, 1994) was $8,712 ($2,178 per month at 245 Harriett Street x four months), thereby leaving a balance of $17,424 for rent for the eight months remaining in FY 1994-95 (November 1, 1994 through June 30, 1995) at 555 Seventh Street. This $17,424 amount in the budget is $38,576 less than the anticipated $56,000 cost of the assumed lease at 555 Seventh Street, which was expected to start on November 1, 1994 and to last eight months ($7,000 per month x eight months). (See Comment No. 9)

<u>Administration</u>	$700

These funds would create a revolving petty cash fund in the amount of $200 for the Sheriff's Research and Development Office, located at 1155 Market Street, and a revolving petty cash fund in the amount of $500 for the new jail facility. Currently the Sheriff has six Petty Cash Funds (one for each of the five County jails and one for the Administration Division) with a total of $2,700 in such Funds. As these funds are included under Other Non-Personal Services in the Sheriff's budget, the total supplemental request for Other Non-Personal Services should be $39,276 ($38,576 plus $700).

Total Estimated Cost	$806,472
<u>Less Estimated Salary Savings</u>	($115,900)

The Mayor's Office advises that 30 uniform 8304 Deputy Sheriff positions will be transferred to the Police Department in FY 1994-95 because they have passed the Police Department's Civil Service exam. Funding for salaries and fringe benefits for these 30 (8304) Deputy Sheriff positions has been included in the Sheriff's FY 1994-95 budget for the entire fiscal year. The Sheriff plans to replace these 30 (8304) Deputy Sheriff positions with 10 (8302) Deputy Sheriffs in February of 1995 and with 20 (8302) Deputy Sheriffs in April of 1995.

Based in part on a recommendation of the Budget Analyst in the prior Zero-Base Budget Analysis, the miscellaneous 8302 Deputy Sheriff classification was recently created by the Sheriff's Department to serve as a trainee position prior to being promoted to the uniform 8304 Deputy Sheriff position after 18 months of service. The 8302 miscellaneous Deputy Sheriff position is paid $38,242 annually or $12,448 per year less in wages and fringe benefits than the 8304 Deputy Sheriff position, which costs $50,690 in wages and fringe benefits annually. The $115,900 amount above is the Mayor's estimated salary savings from replacing the 30 uniform 8304

Deputy Sheriff positions (at Step 3) with (1) ten miscellaneous 8302 Deputy Sheriff positions on February 20, 1995, (2) ten miscellaneous 8302 Deputy Sheriff positions on April 10, 1995, and (3) ten miscellaneous 8302 Deputy Sheriff positions on April 17, 1995.

Net Amount of Supplemental Appropriation Request	$690,572

Comments:

1. There were 78 new 8302 Deputy Sheriff positions included in the Sheriff's FY 1994-95 budget to staff the new jail facility. However, according to Sergeant Ridgeway, because of required salary savings, only 40 of the 78 (8302) Deputy Sheriff positions included in the FY 1994-95 budget were filled, thereby leaving 38 (8302) Deputy Sheriff positions unfunded. Of the 38 vacant positions, the proposed supplemental appropriation would provide funding to fill 24 of them (14 to staff Pod F in the new jail facility and ten to restore the Work Furlough Program), leaving 14 vacant 8302 Deputy Sheriff positions. As such, no new positions would be added to the Sheriff's FY 1994-95 budget, but rather, vacant positions would be filled. According to Sergeant Ridgeway, funding to hire an additional 14 (8302) Deputy Sheriffs will be requested in a future supplemental appropriation request.

2. Because of the lack of space in the City's existing jails, the City must pay Alameda County approximately $500,000 per month to house inmates in Alameda County's jails. In addition, the City is fined $300 per inmate per day for overcrowding in Jail No. 1.

3. As previously noted, based in part on the Budget Analyst's Zero-Base Budget Analysis, the 8302 miscellaneous Deputy Sheriff classification was created by the Sheriff's Department to serve as a trainee position prior to being promoted to the uniform 8304 Deputy Sheriff position after 18 months of service. Based on lower salary and fringe benefits of $38,242 for the miscellaneous 8302 Deputy Sheriff position (versus $50,690 for the uniform 8304 Deputy Sheriff position), the estimated annual savings from the 78 miscellaneous 8302 Deputy Sheriff positions included in the Sheriff's FY 1994-95 budget are approximately $970,944 per year.

4. According to Sergeant Ridgeway, the 24 miscellaneous 8302 Deputy Sheriffs would be hired on December 6, 1994, or after the first reading and approval of this supplemental appropriation request by the Board of Supervisors, which is anticipated to be on December 5, 1994. Sergeant Ridgeway advises that the Sheriff's Department needs to hire these 24

Deputy Sheriffs prior to the final approval of this supplemental appropriation ordinance (expected to be on December 12, 1994) because 14 of these Deputy Sheriffs are scheduled to attend the December 12, 1994 training class at the Police Academy. According to Sergeant Ridgeway, if these 14 Deputy Sheriffs were to miss the December 12, 1994 class, they would likely have to attend training at an outside academy, at an estimated additional cost to the City of approximately $105,000. As such, since expenditures will be incurred prior to the final approval of this supplemental appropriation request by the Board of Supervisors, the proposed crdinance should be amended to provide for ratification of action previously taken.

5. Based on information provided by the Controller's Office, fringe benefits for the 8302 Deputy Sheriff positions are $7,183 per position per year, or $172,392 for 24 (8302) Deputy Sheriffs. For 15 pay periods, the total would be $99,076. As such, fringe benefits should be reduced by $5,684, from $104,760 to $99,076.

6. Holiday Pay is over-budgeted by $6,807 since it includes $11,149 for the base wages of three Lieutenants ($1,454, or $30.30 per hour x 16 hours x three positions) and 28 Deputy Sheriffs ($9,695, or $21.64 per hour x 16 hours x 28 positions), which are already included under Permanent Salaries in the Sheriff's FY 1994-95 budget. Holiday Pay should be reduced by $6,807, from $12,382 to $5,575, to reflect only the extra pay beyond the base hourly wages for these 31 positions, as follows:

28 Deputy Sheriffs x $21.64 base hourly wage x 1.5 x 16 hours	$14,542
3 Lieutenants x $30.30 base hourly wage x 1.5 x 16 hours	2,182
Total @ Time and One-half for 2 Holidays	$16,724
Less Portion for Base Hourly Wages:	
28 Deputy Sheriffs x $21.64 base hourly wage x 16 hours	(9,695)
3 Lieutenants x $30.30 base hourly wage x 16 hours	(1,454)
Total Needed for Holiday Pay	$5,575

7. The correct total for Materials and Supplies should be $119,200. Thus, the supplemental request for Materials and Supplies should be reduced by $6,000, from $125,200 to $119,200.

According to Sergeant Ridgeway, $80,750 ($68,400 plus $12,350) allocated under Materials and Supplies will provide 38 sets of uniforms and weapons for (a) the 24 (8302) Deputy

Sheriff positions which are the subject of this supplemental appropriation request; and (b) the 14 (8302) Deputy Sheriff positions, which, as noted in Comment No. 1 above, will be requested in a future supplemental appropriation request. However, at this time, only 24 of the 38 Deputy Sheriffs are being hired. As such, the requested amount for uniforms should be reduced by $25,200, from $68,400 to $43,200 ($1,800 per uniform x 24 uniforms), and the requested amount for weapons should be reduced by $4,550, or from $12,350 to $7,800 ($325 per weapon x 24 weapons), thereby representing a reduction of $29,750 ($25,200 plus $4,550). Thus, the total recommended reduction for Materials and Supplies is $35,750 ($6,000, as noted above, plus $29,750 for uniforms and weapons), from $125,200 to $89,450.

8. As previously noted, the total for computer equipment is $19,773. As such, the amount of the supplemental request for computers should be reduced by $1,681, from $21,454 to $19,773.

9. According to Mr. Steve Alms of the Real Estate Department, OCC will not be able to move from its current 555 Seventh Street location until approximately mid-January, 1995 because of delays in the completion of tenant improvements at its new 760 Harrison Street location. Therefore, the Sheriff's Department would not be able to relocate to 555 Seventh Street until February 1, 1995. Mr. Alms estimates that there would be no increase in the rent at 555 Seventh Street for FY 1994-95 once the Sheriff assumes OCC's lease. Thus, as previously noted, the rent would be approximately $2.13 per square foot per month or $6,157 per month ($73,890 per year) for 2,890 square feet of space, or $47,754 (183 percent) more per year than the former rent of $26,136 per year ($0.85 per square foot per month or $2,178 per month) for 2,578 square feet at 245 Harriett Street.

As such, this supplemental request for rent at 555 Seventh Street should be adjusted to reflect (a) three months rent (July 1, 1994 through September 30, 1994) at the Alternatives Program's former location of 245 Harriett Street, or $6,534 ($2,178 per month x three months), plus (b) four months rent (October 1, 1994 through January 31, 1995) at the Program's current, temporary location of 1390 Market Street, or $16,668 ($4,167 per month x four months), plus (c) five months rent (February 1, 1995 through June 30, 1995) at the new 555 Seventh Street location, or $30,785 ($6,157 per month x five months), or a total of $53,987 in FY 1994-95. Thus, given that there is already $26,136 for rent in the Sheriff's Department

budget, the supplemental request of $38,576 should be reduced by $10,725 to $27,851 ($53.987 less $26,136).

10. The supplemental request for permanent salaries includes $428,400 for salaries plus $75,000 for training less $115,900 for salary savings, or a total of $387,500. The total supplemental request for fringe benefits is $104,760. Thus, the total request for these two personnel categories is $492,260. Although the amounts that actually appear in the proposed ordinance are $393,808 for permanent salaries and $98,452 for fringe benefits (as reflected in the table below), the total is still $492,260 for these two personnel categories.

11. In summary, the Budget Analyst recommends the following reductions from the $690,572 supplemental appropriation request:

Line Item Category	Supplemental Request	Recommended Amount	Recommended Reduction
Permanent Salaries	$393,808	$393,808	0
Fringe Benefits (Comment No. 5)	98,452	92,768	$5,684
Holiday Pay (Comment No. 6)	12,382	5,575	6,807
Other Non-Personal Services (Comment No. 9)	39,276	28,551	10,725
Materials and Supplies (Comment No. 7)	125,200	89,450	35,750
Equipment (Comment No. 8)	21,454	19,773	1,681
Total	$690,572	$629,925	$60,647

Recommendations: 1. Amend the proposed supplemental appropriation ordinance by providing for ratification of action previously taken.

2. Reduce the supplemental appropriation request by $60,647, from $690,572 to $629,925, as reflected in Comment No. 11 above.

3. Approve the proposed supplemental appropriation ordinance, as amended.

Item 13 - File 101-93-113.1

Department: Department of Public Works (DPW)

Item: Release of reserved funds in the amount of $1,604,303, for the Department of Public Works for the Brooks Hall New Exit Stairs and Disabled Access Modifications Project.

Amount: $1,604,303

Source of Funds: 1990 Earthquake Safety Program Bond Funds (Phase II)

Description: The Board of Supervisors previously reappropriated $5,422,479 in 1990 Earthquake Safety Program Bond funds to pay for a budget shortfall in connection with the Civic Auditorium Seismic Upgrade and Earthquake Repair Project. Of this $5,422,479, a total amount of $1,604,303 was designated for costs associated with the Brooks Hall New Exit Stairs and Disabled Access Modifications which are a component of this Project. The Board placed the entire $1,604,303 on reserve pending the selection of a contractor, submission of contract budget details and the MBE/WBE status of the contractor. The DPW is now requesting that the $1,604,303 be released from reserve.

The DPW advises that it has selected, through its departmental bid process, A. Ruiz Construction, an MBE firm, as the lowest responsible bidder for the required modifications based on a base bid amount of $1,300,000 plus $210,800 in alternate construction services costs for a total bid amount of $1,510,800. These bid alternates, which were prepared at the request of the Convention Facilities Department, include (1) the provision and installation of stainless steel doors, frames, hinges, and thresholds at new stairwell exit doors, (2) the replacement of existing doors, frames, and hardware at existing stairwells with new stainless steel doors, frames and hardware and (3) the sealing of leaks in existing exposed mechanical supply duct.

In addition to A. Ruiz, six other firms submitted base bid amounts plus alternate costs, as follows:

	Base Bid Amount	Alternate Costs	Total
West Bay Builders, Inc./D. Steuart Thompson, a Joint Venture (WBE)	$1,380,000	$186,000	$1,566,000
Gomez-Chapot Construction Co., a Joint Venture (MBE)	$1,459,000	264,798	1,723,798
Lem Construction, Inc. (MBE)	$1,495,000	233,800	1,728,800
CICO	$1,510,000	209,714	1,719,714
Nibbi-Tom, a Joint Venture (MBE)	$1,727,000	191,196	1,918,196
Cuevas & Mannion Construction	$1,831,000	169,000	2,000,000

According to Mr. Mark Dorian of the DPW's Bureau of Architecture, A. Ruiz, in addition to itself being an MBE firm, is committed to a total subcontract goal of $362,592 of the $1,510,800 construction contract or 24 percent including 19% MBE and 5% WBE subcontract participation.

The total project budget for the Books Exhibition Hall New Exit Stairs and Disabled Access Modifications is $1,912,353. Of this amount, $1,604,303 would be paid for by the requested release of reserved funds and the remaining balance of $308,050 would be paid for by funds budgeted for this purpose in the Convention Facilities Department. The total project budget of $1,912,353 would be expended as follows:

Construction Contract	$1,510,800
Contract Contingency (10%)	151,080
Construction Management (DPW)	250,473
Total	$1,912,353

Recommendation: Approve the proposed release of reserved funds in the amount of $1,604,303.

Item 14 - File 101-94-30

Department: Department of Public Works (DPW)
Bureau of Building Inspection

Item: Supplemental Appropriation Ordinance appropriating $222,960 and reappropriating $46,811 for a total of $269,771 for Permanent Salaries, Mandatory Fringe Benefits, and related costs for the Department of Public Works for FY 1994-95.

Amount: $269,771

Source of Funds: Code Enforcement and Rehabilitation Fund

Description: The Code Enforcement and Rehabilitation Fund was established in 1979, pursuant to the State Revenue and Taxation Code, which provides that a property owner who derives rental income from substandard housing shall not be allowed any income tax deductions for interest, taxes, depreciation or amortization paid or incurred in the taxable year in which such substandard housing is rented by the property owner. The DPW's Bureau of Inspection, through its Code Enforcement and Rehabilitation Fund (CERF) Program, notifies the State Franchise Tax Board of the names of those property owners of apartment and hotel buildings who fail to bring their buildings into code compliance, and are thereby not entitled to the tax deductions previously noted. The State then allocates to the City the additional tax revenues which are generated as a result of the disallowance of the State income tax deductions under the CERF Program. Such funds are deposited to the Code Enforcement and Rehabilitation Fund. Proceeds from this special fund are appropriated for code enforcement and for loans up to $7,500 to correct safety hazards and other code deficiencies in the homes of low and moderate income residents.

Mr. Vitaly Troyan of the DPW advises that the Department's Bureau of Building Inspection, beginning July 1, 1994, has reassigned two Housing Inspectors from normal inspection duties to duties associated with increased inspections under the Mayor's Homeless Hotel Program.

According to Mr. Troyan, under the Mayor's Homeless Program the Bureau of Building Inspection is required to inspect, on a quarterly basis, approximately 50 hotels. Mr. Troyan advises that the reassignment of the two Housing Inspectors to the duties under on the Mayor's Homeless Hotel Program has significantly reduced the Bureau of Building

Inspection's ability to process its normal inspections on a timely basis. As such, according to Mr. Troyan, the DPW has submitted this supplemental appropriation request to hire two additional Housing Inspectors to backfill the two positions made vacant by the transfer of the two Building Inspectors from the Bureau of Building Inspection's normal inspection duties to the Mayor's Homeless Hotel Program.

Additionally, the DPW is proposing to fund a 1426 Senior Clerk Typist for loan processing in connection with the CERF Program and for record keeping for the Bureau of Building Inspection.

Therefore, the DPW is requesting an appropriation of $222,960 and a reappropriation of $46,811 for a total of $269,771 from the Department's Code Enforcement and Rehabilitation Fund to pay for salaries and fringe benefits (for the period retroactive from July 1, 1994 through June 30, 1995), overhead costs and other costs as follows:

Housing Inspectors (2 FTE) at an annual salary of $65,146 each	$130,292
Senior Clerk Typist (1 FTE)	33,878
Subtotal - Personnel	$164,170
Fringe Benefits at 41 percent (includes 17 % fringe benefits plus 24 % for indirect cost for paid time off)	67,670
Department Overhead	21,506
Division Overhead	3,300
Other Non-Personal Services (CERF loan processing costs)	13,125
Total	$269,771

As noted above, the DPW originally requested that funds be appropriated to pay for the two Housing Inspector positions and the Senior Clerk Typist position retroactively to July 1, 1994. However, Mr. Troyan now advises that the Senior Clerk Typist position, which is an existing position, should be deleted from this request. Additionally, Mr. Troyan advises that the two Housing Inspector positions will not be hired until January 2, 1995.

Based on the two Housing Inspector positions being hired effective January 2, 1995 and the deletion of the deletion of the Senior Clerk Typist position the actual supplemental appropriation amount required by the DPW is $114,824 or $154,947 less than the requested amount of $269,771, as follows:

Housing Inspectors (1 FTE)	$65,146
Fringe Benefits	26,710
Department Overhead	8,534
Division Overhead	1,309
Other Non-Personal Services (CERF loan processing costs)	13,125
Total	$114,824

The Code Enforcement and Rehabilitation Fund had a balance of $357,443 as of August 31, 1994.

Comment: The proposed ordinance should be amended to reduce the amount of the supplemental appropriation request by $154,947 from $269,771 to $114,824, as follows:

(1) reduce Permanent Salaries from $164,170 to $65,146;
(2) reduce Fringe Benefits from $67,670 to $26,710;
(3) reduce Department Overhead from $21,506 to $8,534 and
(4) reduce Division Overhead from $3,300 to $1,309.

Recommendation: Amend the proposed ordinance to reduce the amount of the request by $154,947 from $269,771 to $114,824 as outlined in the above-noted Comment, and approve the ordinance as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 15 and 16 - Files 101-94-31 and 45-94-66

Departments: Department of Parking and Traffic (DPT)
Department of Public Works (DPW)

Items: Item 15, File 101-94-31 - Supplemental Appropriation Ordinance appropriating $21,000,000 of Parking Meter Revenue Bond Proceeds for various Capital Improvement Projects and reimbursing advances made from the Parking Revenue Fund for the Department of Parking and Traffic for FY 1994-95, and placing $113,594 on reserve.

Item 16, File 45-94-66 - Ordinance authorizing settlement of litigation of Gannett Outdoor Co. of Northern California against the City and County of San Francisco for a payment of $220,000 plus interest by the City to Gannett.

Amount: $21,000,000

Source of Funds: 1994 Parking Meter Revenue Bonds

Description: The proposed supplemental appropriation request of $21,000,000 would be funded from the $25 million 1994 Parking Meter Revenue Bond funds. The DPT anticipates that these bonds will be sold on December 8, 1994. Of the $21,000,000, a total of $1,718,286 would be used to reimburse advances made from the Parking Revenue Fund. The remaining $19,281,714 would be expended for three capital projects at the San Francisco General Hospital Garage, the St. Mary's Square Garage and the Vallejo Street Garage, as follows:

SAN FRANCISCO GENERAL HOSPITAL (SFGH) GARAGE ($17,631,714)
Located at 24th and Utah Streets

Construction

Construction Contract	$11,376,792	
Construction Contingency (11.5%)	1,308,194	
Building Permits	80,000	
Subtotal		$12,764,986

Design

Contractual Services	206,000

Project Management (DPW)
(Funds to be work ordered to DPW by the DPT)

Project Management: $77 per hr. x 100 hrs. per/mo. x 20 mos.	$154,000	
Construction Management:		
Resident Engineer ($83 per hr. x 172 hrs. per/mo. x 20 mos.)	285,520	
Office Engineer ($72 per hr. x 86 hrs. per/mo. x 20 mos.)	123,840	
Construction Inspector ($72 per hr. x 258 hrs. per/mo. x 20 mos.)	371,520	
Construction Manager ($96 per hr. x 40 hrs. per/mo. x 20 mos.)	76,800	
Lab Services:		
Concrete and Mortar Testing	80,080	
Soil Testing	7,176	
Miscellaneous Testing (i.e., electrical, pipes)	5,174	
Test Reports, Scheduling Etc.	6,544	
As-needed Specialized Lab Services	20,000	
Environmental Mitigation Activities		
Division Manager (10 hrs. @ $88/hr.)	880	
Industrial Hygienist (464 hrs. @ $63/hr.)	29,232	
Construction Inspector (384 hrs. @ $70/hr.)	26,880	
Environmental Inspector (240 hrs. @ $54/hr.)	12,960	
Industrial Hygienist Technician (600 hrs. @ $38/hr.)	22,800	
As-needed consultants	128,000	
Bureau of Architecture		
Plans	38,900	
Design	43,000	
Construction Documents	78,200	
Review of Bid Documents and Advertisement of Bids	34,900	
Contingency	113,594	
Subtotal		$1,660,000

Site Cleanup

Contract services for the Design and Installation of systems of equipment which (1) pump and treat contaminated ground water and (2) extract and burn contaminated vapors from soil	$975,690	
Contract services for the Operation and Maintenance of the above-noted systems of equipment	1,487,810	
Administrative Oversight (DPW)	50,000	
Subtotal		$2,513,500

Other

MUNI Relocation (see Comment 5 below)	$350,000	
Art Enrichment	110,400	
Planning Department Fees	26,828	
Subtotal		487,228
Subtotal SFGH Garage		**$17,631,714**

ST. MARY'S SQUARE GARAGE ($1,200,000)
Located at 433 Kearny Street

Construction Contract		**$1,200,000**

VALLEJO STREET GARAGE ($450,000)
Located at 735 Vallejo Street

Garage Demolition (contract services)	$223,590	
Relocation Costs- Garage Operator (see Comment 7 below)	20,000	
Management Oversight of of Cleanup (DPW)	11,000	
Construction of Temporary Parking Lot - Contract Services	175,410	
Design of Temporary Parking Lot (DPW) (see Comment 8 below)	20,000	
Subtotal Vallejo St. Garage		**450,000**
Reimbursement of Bond Funds to the Parking Revenue Fund		**1,718,286**
Total		**$21,000,000**

Mr. Kevin Hagerty, Off-Street Parking Director of the Department of Parking and Traffic advises that of the $1,718,286 which is to be reimbursed from bond funds to the Parking Revenue Fund (previously known as the Off-Street Parking Fund) $220,000 plus interest would pay for the settlement of the Gannett Outdoor lawsuit. The balance of $1,498,286 would reimburse the Parking Revenue Fund for advances previously made to the SFGH Garage project.

Comments:

1. The DPT reports that Nibbi Brothers has been selected as the lowest responsible bidder for the construction work required for the SFGH Garage, based on a base bid amount of $11,436,092 plus alternate costs for painting of $14,700 minus alternate costs of $74,000 for a reduced time period for the completion of the construction for a total bid amount of $11,376,792. Nibbi Brothers is neither an MBE or a WBE firm. Five other firms, none of which are MBE or WBE firms, submitted base bid amounts plus alternate costs as follows:

	Total Base Bid	Alternate I Painting	Alternate II Shorter Construction	Total
S. J. Amorosa	$11,772,154	$52,000	$25,000	$11,849,154
Conco	$11,832,613	$23,224	$52,783	$11,908,620
C. Overra	$11,864,000	$52,000	$30,000	$11,946,000
Largo	$12,227,062	--	--	$12,227,062
Bomel	$12,841,550	$50,000	($61,000)	$12,830,550

2. Ms. Mary Gin-Starkweather of the Human Rights Commission advises that Nibbi Brothers, based on HRC's requirements, has committed a total of $1,990,939 of the $11,376,792 construction contract or 17.5 percent for MBE subcontractors (14%) and for WBE subcontractors (3.5%).

3. As previously noted, $206,000 is included in the SFGH Garage's budget for design services. The DPT is proposing to modify an existing contract with the architectural firm of Fong and Chan, a registered MBE/WBE firm, to provide an additional $206,000 for these services. According to Mr. Hagerty, Fong and Chan's original contract in the amount of $864,000 included $198,720 for design services for the SFGH Garage. However, according to Mr. Hagerty this $198,720 was expended on other unanticipated tasks that were required in connection with the SFGH Garage.

4. As previously noted $1,487,810 for contract services for the operation and maintenance of the systems of equipment for the site cleanup is included in the budget for the SFGH Garage. The DPT advises that a contractor has not, as yet, been selected for those contract services. As such $1,487,810 for the SFGH Garage should be placed on reserve pending the DPT's selection of a contractor and the submission of the MBE/WBE status of the contractor and contract cost details.

5. The site where the SFGH Garage is to be constructed, was occupied by a MUNI maintenance facility. MUNI, effective September of 1994, relocated the major functions of this maintenance facility to a leased facility on Pier 80 and to a MUNI owned building at 1301 Army Street. As previously noted $350,000 is included in the SFGH Garage's budget for MUNI's relocation costs.

6. As noted above, $1.2 million is budgeted for contract services for the St. Mary's Square Garage. The DPT advises that a contractor has not, as yet, been selected to provide those services. Therefore, the entire $1.2 million budgeted for the St. Mary's Square Garage should be placed on reserve pending the DPT's selection of a contractor, the submission of the MBE/WBE status of the contractor and contract cost details.

7. The garage, located at the site where the new Vallejo Street Garage will be constructed, has been condemned and will be demolished, According to the DPT, because the property was condemned, pursuant to State law, the garage operator is entitled to relocation costs. Such relocation costs, as noted above, total $20,000.

8. Mr. Hagerty advises that due to public concern regarding the design of the garage, the Vallejo Street Garage will not be built immediately. Instead, according to Mr. Hagerty, a temporary parking lot, at a cost of $175,410 will be constructed on the Vallejo Street Garage site. Mr. Hagerty advises that the start-up date for construction on the Vallejo Street Garage site itself will be determined at a later date. Mr. Hagerty adds that the DPT has not, as yet, selected contractors for the necessary design and construction work for the temporary parking lot. Therefore, the $175,410 designated for this purpose should be placed on reserve pending the DPT's selection of contractors, and the submission of the MBE/WBE status of the contractors and the contract cost details.

9. An amount of $113,594 of this request, which is designated for contingency purposes in connection with the Project Management work to be performed by the DPW, was placed on reserve by the Mayor's Office pending the DPW demonstrating a need for the expenditure of these funds.

10. The $220,000, plus interest, to be paid by the City to Gannett Outdoor Co. of Northern California for the settlement of a lawsuit was negotiated by the City Attorney's Office. The Budget Analyst makes no recommendations regarding settlements of litigation (File 45-94-66).

Recommendations: 1. Amend the proposed ordinance (File 101-94-31) to reserve, in addition to the $113,594 placed on reserve by the Mayor's Office, a total of $2,863,220, pending the DPT's submission of the MBE/WBE status of contractors and the contractor cost details, as follows: (1) $1,487,810 of the $17,631,714 designated for the SFGH Garage (Comment No. 4), (2) $1.2 million designated for the St. Mary's Square Garage (Comment No. 6) and (3) $175,410 of the $450,000 designated for the Vallejo Street Garage (Comment No. 8).

2. Approve the proposed ordinance (File 101-94-31) as amended, except that the Budget Analyst considers the proposed temporary parking lot, at a cost of $175,410, in lieu of proceeding at this time with construction of the Vallejo Street Garage because of reported public concerns, is a policy matter for the Board of Supervisors.

3. The Budget Analyst makes no recommendations regarding settlements of litigation.

Item 17 - File 97-94-74

Department: Parking and Traffic

Item: Proposed Ordinance amending Chapter 10, Section 10.88 of the Administrative Code relating to the operation of "Cash Difference Funds" and "Cash Overage Funds", to apply this section to the Department of Parking and Traffic

Description: Chapter 10, Section 10.88 of the Administrative Code (Code) established a "Cash Difference Fund" and "Overage Fund" to reconcile cash deficits and cash overages reported by employees or officers of departments who receive and disburse money. Section 10.88 of the Code requires that the employee or officer provide a written report on such cash deficits and overages to the City Treasurer, through his or her department head, at the close of each business day. The report must contain the exact sum of the deficit or overage in the account for that day.

If a cash deficit is reported, the City Treasurer is required to eliminate the deficit providing the amount does not exceed the amount available in the Cash Difference Fund. If the amount of the reported deficit were to exceed the amount available in the Cash Difference Fund, a request to have additional funds appropriated to the Cash Difference Fund would be submitted. This request for the appropriation of additional funds would have to be approved by the Board of Supervisors. The funds would be appropriated to the Cash Difference Fund from the General Fund General Reserves.

The amount of any overage must also be reported to the City Treasurer. Excess revenues resulting from cash overages must be deposited in the Cash Overage Fund. At the end of each fiscal year, the balance of the Cash Overage Fund reverts to the General Fund.

The City Treasurer is required to file a report with the Board of Supervisors and the Controller by the tenth day of each month for the preceding month. The report must contain itemized details regarding the amount of each cash deficit, or cash overage, as well as the date of the deficit, and the name and civil service classification of each person whose account was reimbursed.

As proposed, the ordinance would be amended to apply to employees of the Department of Parking and Traffic. The proposed amendment is in response to a change in the responsibility for the collection of parking citation fines. The

function of collecting parking citation fines was transferred from the Municipal Court to the Department of Parking and Traffic on November 1, 1993.

Currently, the ordinance applies to employees of the Treasurer's, Assessor's, and Tax Collector's Offices, including the Redemption Officer assigned to the Tax Collector's Office. The existing ordinance also applies to the Clerks of the Municipal and Superior Courts, and employees of the Police Department and Department of Public Health, Bureau of Accounts who are specifically assigned to receive funds or act as cashiers.

Comments:

1. Mr. John Madden of the Controller's Office, stated that the amounts required to reconcile accounts using the Cash Difference Fund and the Cash Overage Fund are generally small. Mr. Madden does not recall any instances where a supplemental appropriation was required to increase the Cash Difference Fund in order to reimburse a cash deficit in an individual employee's or officer's account.

2. According to Mr. Madden, cash deficits and cash overages which occur in the Department of Parking and Traffic are currently corrected and reported on by using the previously-noted procedures. Approval of the proposed ordinance would codify the current practices of the Department of Parking and Traffic with regard to reconciling cash deficits and cash overages.

Recommendation: Approve the proposed Ordinance amending Chapter 10, Section 10.88 of the Administrative Code.

Item 18 - File 82-94-9

Department: Department of Public Works
Real Estate Department

Item: Resolution authorizing the City to acquire on behalf of the Department of Public Works the permanent sewer easement known as 1CT 10B through a portion of the real property identified as Assessor's Parcel No. 4347B/4 and adopting findings pursuant to City Planning Code Section 101.1.

Amount: $18,040

Source of Funds: 1991 Sewer Revenue Bond Funds

Description: The Real Estate Department reports that the Department of Public Works (DPW) is proposing to acquire a permanent sewer easement in connection with the Islais Creek Transport/Storage Project. The Islais Creek Project provides for the construction of underground sewer box facilities to capture, store, and transport wet weather overflows from the City's sewer system. The Project site is located near Islais Creek between Army and Napoleon Streets.

The easement would provide the DPW with access to 3,280 square feet owned by the State Department of Transportation. This easement would be used for the placement, construction and maintenance of that portion of the sewer box structure which is at the end of Napoleon Street. According to the Real Estate Department, the State would be paid $18,040 for this permanent sewer easement.

Comments: 1. The Real Estate Department reports that the $18,040 to be paid to the State Department of Transportation represents the fair market value for this permanent sewer easement.

2. The Department of City Planning has determined that the acquisition of this permanent sewer easement is in conformity with the Master Plan and is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

Recommendation: Approve the proposed resolution.

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Item 19 - File 270-93-3.1

Department: Mayor's Office of Emergency Services (OES)

Item: Resolution retroactively approving an expenditure of $35,000 placed in reserve from the Mayor's Earthquake Relief Fund for the services of a technical writer consultant to modernize and revise the City's Emergency Operations Plan, and a reallocation of an additional $4,815 for payment to the consultant.

Amount: $35,000

Source of Funds: Mayor's Earthquake Relief Fund

Description: The OES is requesting that funds in the amount of $35,000 be approved for consulting services from Laurie R. Friedman Consulting, which has already been retained under a contract with the OES. This consultant has modernized and revised the City's Emergency Operations Plan that the City would follow in the event of a serious earthquake.

On January 5, 1994, the $35,000 was appropriated but was placed on reserve by the Board of Supervisors pending the selection of a consultant and the determination of the MBE/WBE status of the consultant. On April 1, 1994, the OES contracted with Laurie R. Friedman Consulting, a certified WBE firm. Due to an administrative oversight, the OES has incurred this $35,000 expenditure for consultant services and is therefore requesting that approval for such expenditures be authorized on a retroactive basis.

In addition to this request of $35,000, the OES is also requesting that $4,815 in monies previously allocated from the Mayor's Earthquake Relief Fund be paid to Laurie R. Friedman Consulting to fund additional services rendered.

Comments: 1. According to Admiral John W. Bitoff, Director of the OES, work on the Emergency Operating Plan needed to be extended by one month in order to incorporate revisions by

the Emergency Operations Plan Task Force,[1] and that additional fees to the consultant for this extension amounted to $4,815.

2. The Mayor's Earthquake Relief Fund contains monies from private donations that were not spent following the 1989 Loma Prieta earthquake. The balance of this Fund as of November 17, 1994, is $82,145, which is net of the $35,000 and $4,815 now being requested.

Recommendation: Approve the proposed resolution.

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[1] The Task Force was appointed by the Mayor in June of 1993, and is comprised of representatives from the following City departments: Public Health, Police, Fire, Parking & Traffic, Public Works, Recreation and Park, Social Services, Medical Examiner, Office of Emergency Services, Airport, Municipal Railway, City Attorney, Controller, Electricity and Telecommunications, Planning, Superior Court, Purchasing, and Water. In addition, representatives were appointed from the National Park Service, Pacific Gas & Electric, Public Utilities Commission, and the American Red Cross. The Task Force was formed in order to revise and modernize the City Emergency Operations Plan.

Item 20 - File 172-94-44

Department: Chief Administrative Officer

Item: Resolution approving the form of, and authorizing the execution and delivery of, a Forward Purchase and Sale Agreement; and authorizing other actions related thereto.

Description: The proposed resolution would authorize the Chief Administrative Officer (CAO) to execute a contract known as a *Forward Purchase and Sale Agreement*, under which the City would; a) receive a one-time payment from a securities dealer and, b) agree in exchange to purchase short-term U.S. Treasury Bills from that dealer over a period of 7 to 10 years as an investment of certain City monies.

The City monies, which would be used to purchase the Treasury Bills, are payments of principal and interest made by the City on $522,940,000 in outstanding Sewer Revenue Bonds, Series 1991, 1992, and 1994. Under the original terms of these bonds, such principal and interest payments are made in installments throughout the year as much as 11 months prior to the time that semi-annual payments are actually due to the bondholders (See Comment No. 1). During that time, the monies are held by the Bank of America, acting as the City's Fiscal Agent, and are invested by the Bank of America in instruments that are approved by the City.

The Bank of America's current practice, as approved by the City, has been to invest these monies in a money market fund. The yield on money market funds is now approximately 4.25 percent, and has averaged well under 4 percent for the past few years. The proposed contract would take these monies and invest them instead in short-term U.S. Treasury Bills, which are expected to yield approximately 8 percent overall, an increase of 3.75 percent over current money market yields, according to research by the CAO.

The contract authorized by the proposed resolution would work as follows:

a) Following a competitive bid process, the City would select a securities dealer who offers the highest upfront payment to the City in exchange for the right to sell short-term U.S. Treasury Bills to the City over the 7 to 10 year period of the contract. According to Ms. Laura Wagner-Lockwood, Director of Public Finance at the CAO's Office, the upfront payment to the City is estimated to range between $8 and $10 million.

b) Over the next 7 to 10 years, the City would use the payments of principal and interest that it makes on these Sewer Revenue Bonds, during the period when payments are not yet due to bondholders, to purchase the short-term U.S. Treasury Bills from the securities dealer.

c) The Bank of America, as Fiscal Agent for the Sewer Bonds, would hold the U.S. Treasury Bills to maturity on behalf of the City, and make the semi-annual payments to bondholders from the proceeds.

d) The upfront payment paid by the securities dealer to the City will be deposited in the Clean Water Program's Rate Stabilization Fund, and used to offset a portion of projected sewer service charge rate increases over the next four to five years (See Comment No. 2)

The proposed contract provides for the following expenses to pay for administrative and professional services associated with this transaction. The proposed budget is:

Office of the CAO 225 hours @ $40-$65/hr.	$10,000
City Attorney 100 hours @ $80-$100/hr.	10,000
Bond Counsel (Orrick Herrington, Sutcliffe) flat fee	35,000
Total	**$55,000**

Comments:

1. According to Ms. Wagner-Lockwood, the Sewer Revenue Bonds Series 1991, 1992, and 1994 were structured with monthly debt service payments on the advice of bond counsel in order to maintain a high bond rating. Such arrangements are commonly required for sewer and water revenue bond issues where the cash flow of the bond issuer can be unpredictable because it is partly dependent on revenues received from Sewer Service Charge rate payers, which vary with monthly water usage. While the City cannot alter the terms of the bond issues, which require such monthly payments, the CAO's Office believes that this proposed contract will allow the City to use the monthly debt service payments to the advantage of both the rate payers and the bondholders by securing a substantial upfront payment, earning a higher investment yield, and preserving the ability to make timely payments to bondholders.

2. The upfront payment to the City from the selected securities dealer of an estimated $8 to $10 million under this contract would be deposited in the Clean Water Program's Rate Stabilization Fund and would slightly offset future sewer service rate increases, according to Mr. Bob Hesse of the

Department of Public Works (DPW) Finance Division. The amount and schedule of that offset is being calculated by the DPW and will be available for the December 7, 1994 meeting of the Budget Committee.

3. The Office of the CAO has requested that this item be continued to the December 7, 1994 meeting of the Budget Committee in order to allow more time for the Department to respond to inquiries by the Budget Analyst regarding details of the proposed contract.

Recommendation: Continue this item to the December 7, 1994 meeting of the Budget Committee.

Item 21 - File 207-94-16

Item: Resolution urging the Mayor to urge the Police Commission to approve the purchase and standard issuance of semi-automatic weapons to all Police Officers of the San Francisco Police Department (SFPD).

Description: 1. According to Deputy Chief Frank Reed of the SFPD, the Chief of Police, in response to a directive of the Police Commission, has stated that the Department would prepare a plan for a transition to the standard issuance of semi-automatic handguns. The matter will be heard by the Police Commission at its meeting of November 30, 1994.

2. The SFPD now issues 357 magnum revolvers as its standard handgun. Revolvers can fire six rounds of ammunition before reloading is required. A typical semi-automatic handgun is capable of firing much more rapidly than a revolver, can hold 15 rounds of ammunition, and can be reloaded in a fraction of the time required to reload a revolver.

3. Presently, if a San Francisco Police Officer wishes to use a semi-automatic handgun as their service weapon, he or she must acquire such a weapon at his or her expense. The usual cost of acquiring a semi-automatic and related equipment (i.e., holster, magazines, magazine holders, ammunition) can range from $500 to $800. Approximately 700 of the SFPD's 1,840 sworn personnel currently possess such a weapon. However, the choice of which weapon to use is an individual matter. Therefore, there is no standardization among the personnel who now use semi-automatic handguns.

4. The SFPD's preliminary estimated cost to purchase semi-automatic handguns for all members of the Police Department is $1.35 million for the procurement of approximately 2,100 semi-automatic handguns. As of the writing of this report, the Chief of Police anticipates that the Department will, upon the direction of the Police Commission, formulate a plan to implement this policy.

4. An informal survey of Bay Area and California law enforcement agencies by the SFPD found that the following jurisdictions issue, at the expense of the law enforcement agency, semi-automatic handguns to all sworn personnel:

California Highway Patrol
City of Berkeley Police Department
Contra Costa County Sheriff's Department
Los Angeles County Sheriff's Department
City of Los Angeles Police Department
Napa County Sheriff's Department
Santa Clara County Sheriff's Department
San Diego Police Department
San Jose Police Department
San Mateo County Sheriff's Department
City of San Mateo Police Department

In addition to the above, the San Francisco Sheriff's Department issues semiautomatic weapons to new Deputies and has done so for approximately the last year.

Comments: A separate Board of Supervisors resolution, also urging the SFPD to transition to the issuance of semi-automatic handguns, has been referred to the Health and Public Safety Committee.

Recommendation: The proposed resolution is a policy matter for the Board of Supervisors. Implementation of this resolution would require a supplemental appropriation from the General Fund Reserve.

Items 22 and 23 - Files 97-94-56.3 and 101-94-34

Department: Chief Administrative Officer

Items: **File 97-94-56.3** is a resolution that would approve the following actions regarding the Courthouse Construction Project:

- delivery of a site lease between the City and County of San Francisco, as lessor, and the City and County of San Francisco Courthouse Corporation, as lessee,
- a lease agreement between the City and County of San Francisco Courthouse Corporation, as lessor, and the City and County of San Francisco, as lessee,
- an assignment agreement by and between the City and County of San Francisco Courthouse Corporation and the trustee named therein and a trust agreement by and between the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation and said trustee (including certain indemnification provisions therein);
- approving the form of a certificate purchase agreement by and among the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation, the Trustee named in said trust agreement and the underwriters named in said certificate purchase agreement;
- approving the offer and sale of the Certificates of Participation and the form of the official statement relating to the certificates;
- approving the form of letter of credit agreement by and among the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation and Morgan Guaranty Trust Company of New York (including certain indemnification provisions therein);
- authorizing the officers of the City and County of San Francisco to obtain credit enhancement for the Certificates of Participation and to take other actions necessary or advisable to consummate the execution and delivery of not to exceed $63,000,000 in aggregate principal amount of certificates of participation to finance said project and the application of the proceeds thereof; and
- ratifying actions previously taken with respect to the certificates of participation.

File 101-94-34 is a proposed ordinance appropriating $2,000,000 of Courthouse Construction Funds for a Capital Improvement Project (i.e. the construction of the new Courthouse) for Fiscal Year 1994-95. This appropriation would be reserved pending the selection of contractors and the sale of the Certificates of Participation.

Amount: The total amount of debt (in the form of Certificates of Participation) that would be authorized for this project would not exceed $63.0 million. The anticipated actual debt issuance, according to the CAO's current financing plan, is $59,580,000.

The amount of the supplemental appropriation is $2,000,000.

Source of Funds: Courthouse Construction Fund, funded by surcharges to fines and fees charged by Municipal and Superior Court.

Comments: Due to the late submission of this legislation to the Board of Supervisors, the Chief Administrative Office has requested that these items be continued to the Budget Committee Meeting of December 7, 1994.

Recommendation: Continue the proposed legislation to December 7, 1994.

Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

Memo to Budget Committee
November 30, 1994

Public Library, Documents Dept.
ATTN: Jane Judson

Item 12 - File 101-94-29 **REVISED**

Department: Sheriff

Item: Supplemental appropriation ordinance appropriating $690,572 from the General Fund Reserve for salaries, fringe benefits, other non-personal services, materials and supplies, and equipment to open additional beds at the new jail facility and to continue the Work Furlough Program for FY 1994-95.

Amount: $690,572

Source of Funds: General Fund Reserve

Description: The new jail facility, located at Bryant and Seventh Streets, is scheduled to open on December 1, 1994. However, because of the City's budget constraints, funding was provided in the Sheriff's Department FY 1994-95 budget for the opening of only three of the new jail's six pods in FY 1994-95. A pod is an open jail module, as opposed to the traditional linear-style cell blocks, where inmates are collectively supervised by Deputy Sheriffs. The three pods to be opened (Pods A, B and C) will each provide between 55 and 110 inmate beds, for a total of 220 inmate beds for all three pods.

However, a total of 288 inmate beds are needed, or 68 beds more than what the three pods will provide, in order to accommodate (a) the 168 inmates currently housed in Alameda County's jails who are scheduled to be transferred to the new jail facility on December 1, 1994; (b) the 66 inmates currently participating in the Residential Beds Program who will be transferred to the new jail facility on January 1, 1995;[1] and (c) the 54 inmates currently enrolled in the Work Furlough Program,[2] which is scheduled to terminate on December 1, 1994 because, due to a shortage of experienced staff, the ten 8304 Deputy Sheriff positions currently operating the Work Furlough Program are being transferred to work in the new jail facility. A breakdown of the activities affecting the City's jail space is as follows:

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[1] The Residential Beds Program provides beds and substance abuse treatment services to inmates as an alternative to incarceration. Due to budget constraints, funding for the Residential Beds Program was provided only for the first six months of FY 1994-95 (July 1, 1994 through December 31, 1994).

[2] The Work Furlough Program permits low-risk inmates to work outside of the jail during the daytime and to return to custody in the evenings.

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Activity	No. of Beds
Opening of Pods A, B and C in New Jail	220
Transfer of Inmates in Alameda County's Jail	(168)
Closing of Work Furlough Program	(54)
Closing of Residential Beds Program	(66)
Additional Need for Inmate Beds	(68)

According to Sergeant Richard Ridgeway of the Sheriff's Department, based on past experience, the Sheriff's Department anticipates an increase in the inmate population during the winter months. As such, Sergeant Ridgeway estimates that more than 68 additional inmate beds will be needed. In order to compensate for the additional need of 68 inmate beds and to provide additional beds for the anticipated rise in the prison population, the Sheriff's Department is proposing that a fourth pod (Pod F) in the new jail facility be opened in May of 1995, which would accommodate 104 inmates. Furthermore, the Sheriff's Department hopes to restore the Work Furlough Program in February of 1995, thereby providing an additional 54 inmate beds, for a total net increase of 90 inmate beds, as follows:

Activity	No. of Beds
Opening of Pod F in New Jail	104
Restoration of Work Furlough Program	54
Number of Additional Inmate Beds Needed	(68)
Net Increase in Inmate Beds	90

The proposed supplemental appropriation ordinance would provide funding to hire 14 (8302) Deputy Sheriffs to staff a fourth pod (Pod F) in the new jail facility and ten (8302) Deputy Sheriffs to operate the Work Furlough Program after the Program is restored in February of 1995. In addition, funding would be provided for the Alternatives Program's new lease at 555 Seventh Street (See Relocation of Alternatives Program in the budget below).[3]

Budget:

8302 Deputy Sheriff I Salaries (New Jail) $249,900

This amount would provide funding to hire 14 (8302) Deputy Sheriff positions to staff Pod F in the new jail facility. These 14 Deputy Sheriffs would attend the December 12, 1994 class at the San Francisco Police Academy in order to receive Peace Officer Standard of Training (POST) certification in time for

[3] The Alternatives Program oversees programs, such as the Work Furlough Program and the Residential Beds Program, which offer prisoners an alternative to incarceration.

the May, 1995 opening of Pod F in the new jail facility. At a biweekly salary of $1,190 for 15 pay periods (December 6, 1994 through June 30, 1995), the total cost for 14 (8302) Deputy Sheriff positions would be $249,900.

Fringe Benefits (New Jail) $61,110

This amount is equivalent to approximately 24.5 percent of 8302 Deputy Sheriff salaries.

8302 Deputy Sheriff I Salaries (Work Furlough Program) $178,500

This amount would provide funding to hire ten Deputy Sheriff positions to replace the ten 8304 Deputy Sheriffs who are currently running the Work Furlough Program but who are scheduled to work in the new jail facility starting on December 1, 1994. These ten (8302) Deputy Sheriffs would be hired on December 6, 1994 and would attend a six-week training course conducted by the Sheriff's Department prior to re-starting the Work Furlough Program, which the Sheriff hopes to restore in February of 1995. These ten Deputy Sheriffs will likely start training for their POST certification in May of 1995. At a biweekly salary of $1,190 for 15 pay periods (December 6, 1994 through June 30, 1995), the total cost for ten (8302) Deputy Sheriff positions would be $178,500. The total request for salaries for the 24 (8302) Deputy Sheriff positions is $428,400 ($249,900 plus $178,500) for the period December 6, 1994 through June 30, 1995. These 24 positions are included in the budget but are not filled due to required salary savings. The $428,400 would provide the funding to fill these vacant positions (See Comment No. 1).

Fringe Benefits (Work Furlough Program) $43,650

This amount is equivalent to approximately 24.5 percent of 8302 Deputy Sheriff salaries of $178,500. The total request for fringe benefits for the 24 (8302) Deputy Sheriff positions is $104,760 ($61,110 plus $43,650).

8302 Deputy Sheriff I Training $75,000

All 8302 Deputy Sheriff positions are required to receive POST certification within their first 18 months of service. Although Deputy Sheriffs normally receive POST certification at the San Francisco Police Academy, Lieutenant Tony Balzer of the Police Department anticipates that there will most likely not be sufficient space at the San Francisco Police Academy in FY 1994-95 to accommodate both Police and Sheriff Department recruits. According to Sergeant Ridgeway, although there is sufficient space at the Police Academy to accommodate the 14 Deputy Sheriffs to be hired to work in Pod F at the new jail facility, the remaining ten Deputy Sheriffs to be hired for the

Work Furlough Program would have to receive training at an academy other than the San Francisco Police Academy. The estimated cost is $7,500 per Deputy Sheriff, or a total estimated cost of $75,000 for ten Deputy Sheriffs. Such training would take place at the Santa Rosa Police Academy.

Holiday Pay $12,382
Because it was anticipated that the new jail facility would open after January 1, 1995, no funding was included in the budget for holiday pay for Christmas and New Year's Day at the new jail facility. Because the new jail facility is now scheduled to open on December 1, 1994, $12,382 is needed for holiday pay for three Lieutenants and 28 Deputy Sheriffs to work on Christmas and New Year's Day. This amount is equivalent to 1.5 x the average wage of $16.64 per hour x 16 hours (2 days) x 31 positions (See Comment No. 6).

Materials and Supplies $125,200
The following is a breakdown of the Materials and Supplies supplemental request:

For New Jail Facility:	
Two (2) Metal Detectors @ $2,695 ea.	$5,390
Four (4) Bullet-Proof Vests for Deputies who must transport prisoners @ $340 ea.	1,360
38 Uniform Sets for 8302 Deputy Sheriffs @ $1,800 ea.	68,400*
38 Weapons @ $325 ea.	12,350*
For Pod F Only:	
150 Mattresses (with 46 in reserve) @ $50 ea.	7,500
720 Sheets @ $8.33 ea.	6,000
1,080 Blankets @ $12.08 ea.	13,050
720 Towels @ $1.39 ea.	1,000
312 Sets of Inmate Clothing (shirt, pants, socks, thong) @ $10.58 ea.	3,300
500 Sets of Inmate Toiletries (toothbrush, toothpaste, comb, soap) @ $0.50 ea.	250
Six (6) Storage Cabinets @ $100 ea.	600
Total - Materials and Supplies	$119,200**

* The requested funds will provide uniforms and weapons for (a) the 24 Deputy Sheriffs to be hired on December 6, 1994, subject to approval of this supplemental appropriation request, plus (b) an additional 14 Deputy Sheriffs to be hired on January 2, 1995, subject to approval of a supplemental appropriation request which is now pending approval by the Mayor's Office (See Comment No. 1).

** See Comment No. 7.

Computer Equipment $21,454

This amount would provide funds for an automated prisoner classification system, which would allow the Sheriff's Department to gain access to prisoner information from a central, linked database. According to Sergeant Ridgeway, the purchase of this computer equipment has been approved by EIPSC. A breakdown of the request for Computer Equipment is as follows:

Four (4) Compaq DeskPro Computers @ $2,920 ea.	$11,680
Four (4) Monitors @ $475 ea.	1,900
Four (4) Video Cards @ $155 ea.	620
1 HP Laserjet Printer	925
Four (4) Advanced 3270 Adapters @ $399 ea.	1,596
Four (4) Sets of Software (Windows) @ $298 ea.	1,192
Four (4) Sets of Software (Lotus) @ 465 ea.	1,860
Subtotal	$19,773
Sales Tax (8.5%)	1,681
Total - Computer Equipment	$21,454

Relocation of Alternatives Program (Other Non-Personal Services) $38,576

The Sheriff's Department Alternatives Program was formerly located in a leased facility at 245 Harriett Street. That lease provided 2,578 square feet at approximately $0.85 per square foot per month, for an annual cost of $26,136 ($2,178 per month). Because the building at 245 Harriett Street was sold in October of 1994, the Alternatives Program was forced to relocate to temporary space at 1390 Market Street. The Alternatives Program plans to occupy this space at 1390 Market Street, which costs $4,167 per month for 3,175 square feet ($1.31 per square foot per month), until it is able to relocate to permanent space at 555 Seventh Street.

The space at 555 Seventh Street is currently being leased by the Police Department's Office of Citizen Complaints (OCC), which is relocating to 760 Harrison Street in mid-January, 1995.[4] The Alternatives Program plans to assume OCC's lease, which currently provides 2,890 square feet at $2.13 per square foot per month, for an annual cost of $73,890 (approximately $6,157 per month, including approximately $940 per month for utilities, janitorial service and other

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[4] The OCC's new lease at 760 Harrison Street was previously approved by the Board of Supervisors in July of 1994 (File 64-94-11).

operating expenses). Based on an anticipated rent increase of 13.7 percent, the Sheriff's Department estimated that the rent at 555 Seventh Street would increase to $84,000 per year ($7,000 per month or $2.42 per square foot per month).

According to Sergeant Ridgeway, the Alternatives Program had originally planned to move to 555 Seventh Street directly from 245 Harriett Street by November 1, 1994. Sergeant Ridgeway reports that there is $26,136 included in the Sheriff's Department FY 1994-95 budget for the rent at 245 Harriett Street. The rent for the first four months (July 1, 1994 through October 31, 1994) was $8,712 ($2,178 per month at 245 Harriett Street x four months), thereby leaving a balance of $17,424 for rent for the eight months remaining in FY 1994-95 (November 1, 1994 through June 30, 1995) at 555 Seventh Street. This $17,424 amount in the budget is $38,576 less than the anticipated $56,000 cost of the assumed lease at 555 Seventh Street, which was expected to start on November 1, 1994 and to last eight months ($7,000 per month x eight months). (See Comment No. 8)

Administration	$700

These funds would create a revolving petty cash fund in the amount of $200 for the Sheriff's Research and Development Office, located at 1155 Market Street, and a revolving petty cash fund in the amount of $500 for the new jail facility. Currently the Sheriff has six Petty Cash Funds (one for each of the five County jails and one for the Administration Division) with a total of $2,700 in such Funds. As these funds are included under Other Non-Personal Services in the Sheriff's budget, the total supplemental request for Other Non-Personal Services should be $39,276 ($38,576 plus $700).

Total Estimated Cost	$806,472
Less Estimated Salary Savings	($115,900)

The Mayor's Office advises that 30 uniform 8304 Deputy Sheriff positions will be transferred to the Police Department in FY 1994-95 because they have passed the Police Department's Civil Service exam. Funding for salaries and fringe benefits for these 30 (8304) Deputy Sheriff positions has been included in the Sheriff's FY 1994-95 budget for the entire fiscal year. The Sheriff plans to replace these 30 (8304) Deputy Sheriff positions with 10 (8302) Deputy Sheriffs in February of 1995 and with 20 (8302) Deputy Sheriffs in April of 1995.

Based in part on a recommendation of the Budget Analyst in the prior Zero-Base Budget Analysis, the miscellaneous 8302 Deputy Sheriff classification was recently created by the

Sheriff's Department to serve as a trainee position prior to being promoted to the uniform 8304 Deputy Sheriff position after 18 months of service. The 8302 miscellaneous Deputy Sheriff position is paid $38,242 annually or $12,448 per year less in wages and fringe benefits than the 8304 Deputy Sheriff position, which costs $50,690 in wages and fringe benefits annually. The $115,900 amount above is the Mayor's estimated salary savings from replacing the 30 uniform 8304 Deputy Sheriff positions (at Step 3) with (1) ten miscellaneous 8302 Deputy Sheriff positions on February 20, 1995, (2) ten miscellaneous 8302 Deputy Sheriff positions on April 10, 1995, and (3) ten miscellaneous 8302 Deputy Sheriff positions on April 17, 1995.

Net Amount of Supplemental Appropriation Request	$690,572

Comments:

1. There were 78 new 8302 Deputy Sheriff positions included in the Sheriff's FY 1994-95 budget to staff the new jail facility. However, according to Sergeant Ridgeway, because of required salary savings, only 40 of the 78 (8302) Deputy Sheriff positions included in the FY 1994-95 budget were filled, thereby leaving 38 (8302) Deputy Sheriff positions unfunded. Of the 38 vacant positions, the proposed supplemental appropriation would provide funding to fill 24 of them (14 to staff Pod F in the new jail facility and ten to restore the Work Furlough Program), leaving 14 vacant 8302 Deputy Sheriff positions. As such, no new positions would be added to the Sheriff's FY 1994-95 budget, but rather, vacant positions would be filled. According to Sergeant Ridgeway, funding to hire an additional 14 (8302) Deputy Sheriffs will be requested in a future supplemental appropriation request.

2. Because of the lack of space in the City's existing jails, the City must pay Alameda County approximately $500,000 per month to house inmates in Alameda County's jails. In addition, the City is fined $2,500 per inmate per day for overcrowding in Jail No. 1. According to Sergeant Ridgeway, this fine will increase to $5,000 per inmate per day in April of 1995.

3. As previously noted, based in part on the Budget Analyst's Zero-Base Budget Analysis, the 8302 miscellaneous Deputy Sheriff classification was created by the Sheriff's Department to serve as a trainee position prior to being promoted to the uniform 8304 Deputy Sheriff position after 18 months of service. Based on lower salary and fringe benefits of $38,242 for the miscellaneous 8302 Deputy Sheriff position (versus $50,690 for the uniform 8304 Deputy Sheriff position), the

estimated annual savings from the 78 miscellaneous 8302 Deputy Sheriff positions included in the Sheriff's FY 1994-95 budget are approximately $970,944 per year.

4. According to Sergeant Ridgeway, the 24 miscellaneous 8302 Deputy Sheriffs would be hired on December 6, 1994, or after the first reading and approval of this supplemental appropriation request by the Board of Supervisors, which is anticipated to be on December 5, 1994. Sergeant Ridgeway advises that the Sheriff's Department needs to hire these 24 Deputy Sheriffs prior to the final approval of this supplemental appropriation ordinance (expected to be on December 12, 1994) because 14 of these Deputy Sheriffs are scheduled to attend the December 12, 1994 training class at the Police Academy. According to Sergeant Ridgeway, if these 14 Deputy Sheriffs were to miss the December 12, 1994 class, they would likely have to attend training at an outside academy, at an estimated additional cost to the City of approximately $105,000. As such, since expenditures will be incurred prior to the final approval of this supplemental appropriation request by the Board of Supervisors, the proposed ordinance should be amended to provide for ratification of action previously taken.

5. Based on information provided by the Controller's Office, fringe benefits for the 8302 Deputy Sheriff positions are $7,183 per position per year, or $172,392 for 24 (8302) Deputy Sheriffs. For 15 pay periods, the total would be $99,076. As such, fringe benefits should be reduced by $5,684, from $104,760 to $99,076.

6. Holiday Pay is over-budgeted by $6,626 since it includes $11,513 for the base wages of three Lieutenants ($1,515, or $31.56 per hour x 16 hours x three positions) and 28 Deputy Sheriffs ($9,998, or $22.32 per hour x 16 hours x 28 positions), which are already included under Permanent Salaries in the Sheriff's FY 1994-95 budget. Holiday Pay should be reduced by $6,626, from $12,382 to $5,756, to reflect only the extra pay beyond the base hourly wages for these 31 positions, as follows:

28 Deputy Sheriffs x $22.32 average base hourly wage x 1.5 x 16 hours	$14,997
3 Lieutenants x $31.56 average base hourly wage x 1.5 x 16 hours	2,272
Total @ Time and One-half for 2 Holidays	$17,269
Less Portion for Base Hourly Wages:	
28 Deputy Sheriffs x $22.32 average base hourly wage x 16 hours	(9,998)
3 Lieutenants x $31.56 average base hourly wage x 16 hours	(1,515)

Total Needed for Holiday Pay	$5,756

The Sheriff's Department disagrees with this recommendtion to reduce Holiday Pay by $6,626 because, according to Sergeant Ridgeway, Holiday Pay should be budgeted to include both the base hourly wage and the premium rate. According to Ms. Susan Andrus of the Controller's Office, Holiday Pay should be budgeted to include only the premium rate and not the base hourly wage, since the base hourly wage is already included under Permanent Salaries.

7. The correct total for Materials and Supplies should be $119,200. Thus, the supplemental request for Materials and Supplies should be reduced by $6,000, from $125,200 to $119,200.

8. According to Mr. Steve Alms of the Real Estate Department, OCC will not be able to move from its current 555 Seventh Street location until approximately mid-January, 1995 because of delays in the completion of tenant improvements at its new 760 Harrison Street location. Therefore, the Sheriff's Department would not be able to relocate to 555 Seventh Street until February 1, 1995. Mr. Alms estimates that there would be no increase in the rent at 555 Seventh Street for FY 1994-95 once the Sheriff assumes OCC's lease. Thus, as previously noted, the rent would be approximately $2.13 per square foot per month or $6,157 per month ($73,890 per year) for 2,890 square feet of space, or $47,754 (183 percent) more per year than the former rent of $26,136 per year ($0.85 per square foot per month or $2,178 per month) for 2,578 square feet at 245 Harriett Street.

As such, this supplemental request for rent at 555 Seventh Street should be adjusted to reflect (a) three months rent (July 1, 1994 through September 30, 1994) at the Alternatives Program's former location of 245 Harriett Street, or $6,534 ($2,178 per month x three months), plus (b) four months rent (October 1, 1994 through January 31, 1995) at the Program's current, temporary location of 1390 Market Street, or $16,668 ($4,167 per month x four months), plus (c) five months rent (February 1, 1995 through June 30, 1995) at the new 555 Seventh Street location, or $30,785 ($6,157 per month x five months), or a total of $53,987 in FY 1994-95. Thus, given that there is already $26,136 for rent in the Sheriff's Department budget, the supplemental request of $38,576 should be reduced by $10,725 to $27,851 ($53,987 less $26,136).

9. The supplemental request for permanent salaries includes $428,400 for salaries plus $75,000 for training less $115,900 for salary savings, or a total of $387,500. The total supplemental request for fringe benefits is $104,760. Thus, the total request for these two personnel categories is $492,260. Although the amounts that actually appear in the proposed ordinance are $393,808 for permanent salaries and $98,452 for fringe benefits (as reflected in the table below), the total is still $492,260 for these two personnel categories.

10. In summary, the Budget Analyst recommends the following reductions from the $690,572 supplemental appropriation request:

Line Item Category	Supplemental Request	Recommended Amount	Recommended Reduction
Permanent Salaries	$393,808	$393,808	0
Fringe Benefits (Comment No. 5)	98,452	92,768	$5,684
Holiday Pay (Comment No. 6)	12,382	5,756	6,626
Other Non-Personal Services (Comment No. 8)	39,276	28,551	10,725
Materials and Supplies (Comment No. 7)	125,200	119,200	6,000
Equipment	21,454	21,454	0
Total	$690,572	$661,537	$29,035

Recommendations: 1. Amend the proposed supplemental appropriation ordinance by providing for ratification of action previously taken.

2. Reduce the supplemental appropriation request by $29,035, from $690,572 to $661,537, as reflected in Comment No. 10 above.

3. Approve the proposed supplemental appropriation ordinance, as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

CALENDAR ... ACTION TAKEN

BUDGET COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, DECEMBER 7, 1994 - 1:00 P.M. ROOM 228, CITY HALL

MEMBERS: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ABSENT: SUPERVISOR ALIOTO ON ITEM #5.

CLERK: MARY L. RED

1. File 100-94-14. [Impact of Congressional Change on City's Budget] Hearing to consider the impact of the change in the Congress and the impact it may have on the City's budget. (Supervisor Hsieh)

   ACTION: Hearing held. Consideration continued to call of the chair.

2. File 100-94-15. [Impact of State Legislature Change on City Budget] Hearing to consider the impact of the change in the State Legislature and the impact it may have on the City's budget. (Supervisor Hsieh)

   ACTION: Hearing held. Consideration continued to call of the chair.

3. File 97-94-33. [Mission and Goals Statement] Ordinance amending Administrative Code by adding Section 3.18 to require each City board, commission and department annually to submit to the Mayor a written mission and goals statement which also reports the body's success in meeting those standards during the prior year, to require the Mayor annually to develop a written City mission and goals statement which also reports the City's success in meeting those standards during the prior year and to transmit that and the individual mission and goals statements to the Board of Supervisors; to require each City board, commission and department annually to rank its programs and services in writing in order of priority, on a three-year time horizon, to require the Mayor annually to rank in writing all government programs and services in order of priority, on a three-year time horizon and to present that ranking and the individual rankings to the Board of Supervisors; to require each City board, commission and department annually to present a written three-year budget plan to the Controller, to require the Controller to transmit those three-year budget plans to the Mayor, to require the Mayor to create a written three-year budget plan for the City and to transmit that and the individual three-year budget plans to the Board of Supervisors, and all City boards, commissions and departments to consider their mission and goals statements, three-year program priority assessments and three-year budget plans when composing their budgets for the next fiscal year (Supervisors Kaufman, Shelley, Migden, Leal, Kennedy, Conroy, Alioto)
   (Continued from 11/2/94)

   ACTION: Amended on page 8, line 13 by adding "The Budget Committee of the Board of Supervisor may waive for one year, any particular requirement of this section upon the request of the Mayor or a Department Head." Same title. RECOMMENDED AS AMENDED.

4. File 97-94-76. [Medical Services Contract] Ordinance amending the San Francisco Administrative Code by adding Section 19A.33 authorizing the Director of Public Health to execute an agreement with Pacificare of California for provision of medical services to medi-cal beneficiaries for capitated payments, including an agreement to indemnify, and providing that, notwithstanding the Sunshine Ordinance, records relating to rates of payment shall not be disclosed for three years from execution of the agreement. (Department of Public Health)

   ACTION: Amendment of the Whole (as presented by City Attorney) adopted. Amended to keep the contract rates confidential. Same title. RECOMMENDED AS AMENDED.

5. File 172-94-45. [Contract, DPH, Coopers & Lybrand LLP) Resolution authorizing the contract between the City and County of San Francisco Department of Public Health and Coopers & Lybrand LLP to provide project management and implementation assistance of a Healthcare Management Information System. (Department of Public Health)

   ACTION: Consideration continued to December 14, 1994. Supervisor Alioto absent.

6. File 133-94-3. [Beverage Container Recycling Receipt] Resolution authorizing the Chief Administrative Officer of the City and County of San Francisco to accept and expend a $41,814.57 beverage container recycling payment from the California Department of Conservation. (Chief Administrative Officer)

   ACTION: RECOMMENDED.

7. File 148-94-7. [Funds, Medi-Cal Managed Mental Health Care] Resolution authorizing the Director of Public Health to accept the transfer of funds from the State for the implementation of inpatient component of a Medi-Cal mental health care system in San Francisco. (Supervisor Alioto)

   ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

8. File 97-94-68. [Property Tax Base Transfer, Proposition 171] Ordinance amending Administrative Code by adding Section 10.2-7 allowing homeowners to transfer base value of substantially damaged or destroyed property from another county in the state to newly acquired or constructed replacement property in the City and County. (Supervisors Bierman, Alioto)

   ACTION: RECOMMENDED. (Supervisor Hsieh dissenting)

9. File 101-94-32. [Appropriation, Retirement System] Ordinance appropriating $47,557, Retirement System, from the Employee's Retirement Trust Fund for salaries and fringe benefits for the creation of one position for fiscal year 1994-95; subject of previous budgetary denial. RO #94114 (Supervisor Alioto)

   ACTION: Amended to reduce appropriation from $47,557 to $41,425. New title, "Ordinance appropriating $41,425, Retirement System, from the Employee's Retirement Trust Fund for salaries and fringe benefits for the creation of one position for fiscal year 1994-95; subject of previous budgetary denial. RECOMMENDED AS AMENDED. (Supervisor Alioto added as sponsor)

10. File 102-94-5. [Employees Retirement System, ASO, add 1 Position] Ordinance amending Annual Salary Ordinance, 1994-95, Employees Retirement System, reflecting the addition of one position (4331N Security Analyst) in the Investment Division; companion measure to File 101-94-32. (Supervisor Alioto)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

11. File 82-94-9. [Sewer Easements, Islais Creek Transport Project] Resolution authorizing the City and County of San Francisco to acquire on behalf of the Department of Public Works the permanent sewer easement known as 1CT 10B through a portion of the real property identified as Assessor's Parcel No. 4347B/4 and adopting findings pursuant to City Planning Code Section 101.1. (Supervisor Alioto)
(Continued from 11/30)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

12. File 172-94-44. [Purchase and Sale Agreement, Clean Water Program] Resolution approving the form and authorizing the execution and delivery of a forward purchase and sale agreement; and authorizing other actions related thereto. (Supervisor Alioto)
(Continued from 11/30)

ACTION: RECOMMENDED. (Supervisor Alioto added as sponsor)

13. File 97-93-56.3. [Courthouse Financing] Ordinance approving delivery of a site lease between the City and the Courthouse Corporation, a lease agreement between Corp. and City, an assignment agreement between Corp. and Trustee and a trust agreement between City, Corp, and Trustee; approving form of certificate purchase agreement by City, Corp, Trustee and Underwriters; approving offer/sale of certificates, form of official statement; approving form of letter of credit agreement; authorizing officers of City to obtain credit, take other actions to consumate execution/delivery of not to exceed $63,000,000 certificates of participation to finance project; ratifying actions previously taken. (Supervisors Hsieh, Alioto, Bierman) (Continued from 11/30)

ACTION: Amendment of the Whole (as presented by CAO) adopted. Amended in Section 3 to change cost of issuance amount from $615,000 to $600,000; and in Section 8, language was added regarding obtaining credit enhancement for the Certificates if, based on the recommendation of financial advisors, it would result in a net cost savings. New title: "Ordinance approving execution and delivery of a site lease between the City and the Courthouse Corporation, a lease agreement between Corp. and City, an assignment agreement between Corp. and Trustee and a trust agreement between City, Corp, and Trustee; approving form of certificate purchase agreement by City, Corp, Trustee and Underwriters; approving offer/sale of certificates, form of official statement; approving form of letter of credit agreement; authorizing officers of City to obtain credit, take other actions to consumate execution/delivery of not to exceed $63,000,000 certificates of participation to finance project; ratifying actions previously taken." RECOMMENDED AS AMENDED. (Supervisor Bierman added as cosponsor)

14. File 101-94-34. [Appropriation, Courthouse Construction] Ordinance appropriating $2,000,000 of Courthouse Construction Funds for capital improvement project of the Superior and Municipal Courts for fiscal year 1994-95, placing $2,000,000 on reserve. (Supervisors Hsieh, Alioto, Bierman) (Continued from 11/30)

ACTION: RECOMMENDED. (Supervisor Bierman added as sponsor)

(AO

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415)554-7642

December 5, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: December 7, 1994 Budget Committee Meeting

Item 1 - File 100-94-14

Item: Hearing to consider the impact of the change in the Congress and the impact it may have on the City's budget.

Description: Currently, San Francisco receives more than 25 percent of its overall funding for public services and facilities from the State and Federal governments. In some areas, such as some health programs, sewer facilities, welfare programs, and transportation capital projects, Federal funding accounts for 75 percent to 100 percent of the funds expended in San Francisco.

Specific information is limited as to what Federal programs might be proposed for cuts or reform by the incoming Congress. According to the National League of Cities, the incoming Chairs of the House and Senate Budget Committees will be instructed to draft a Federal budget which is balanced within seven years and which is conditioned upon; a) no new taxes, b) no cuts in Social Security, and, c) restoring defense spending. According to the National League of Cities, current estimates are that such a budget would require across-the-board cuts in all other areas of Federal spending of 5 percent in Fiscal Year 1995-96, 10 percent in FY 96-97, 15 percent in FY 97-98, and 20 percent in FY 98-99. Even if such cuts were enacted, a

balanced budget would still not be achieved under the above conditions, according to the National League of Cities.

The Republican Party's "Contract With America," published just before the November election, gave broad estimates of tax credits and spending cuts in major areas of the Federal budget, as well as a list of specific line item cuts that had been included in Republican budget proposals of previous years. The broad estimates in this document include tax changes such as a $500 per child tax credit, credits for dependent care for seniors, a capital gains tax decrease, and a social security tax decrease. Spending cuts include $40 billion over five years from welfare programs, and $5 billion from "social programs" that had been included in the recent Crime Bill.

Specific line item budget changes proposed as part of the "Contract," and in other recent statements in the media which could directly affect San Francisco include a Federal takeover of the Hetch Hetchy system, restrictions to reduce both benefit amounts and eligibility in a variety of welfare programs, cuts in AIDS funding, and eligibility restrictions and funding cuts in Medicaid and Medicare.

Mr. Larry Klein, General Manager of Hetch Hetchy, reports that possible impacts of a Hetch Hetchy takeover include; a) the loss of pure water and power supplies to the City, b) the loss of over $400 million in City funds invested over time in Hetch Hetchy infrastructure, and c) an estimated $25 million annually in water and power sale proceeds which are transferred to the City's General Fund.

In the area of welfare reform, various proposals could shrink Aid to Families with Dependent Children (AFDC) by, among other things, imposing a two year limit on benefits, prohibiting benefits to unmarried women under 18 and legal aliens, and setting an overall spending limit on the program. According to Ms. Judy Bley of the Department of Social Services, in San Francisco there is a direct correlation between limits on AFDC and increases in applications for General Assistance (GA), which is funded 100 percent by the City's General Fund. Ms. Bley reports that most, if not all, of the individuals who would be made ineligible for AFDC under welfare reform proposals would be eligible for GA under San Francisco's current regulations. Ms. Bley states that, currently, San Francisco's AFDC payments to beneficiaries total approximately $88 million annually, 75 percent of which is funded from the Federal government. In

addition, individuals who lose their AFDC eligibility also lose Medi-Cal eligibility.

In the area of health services, the new Congress is anticipated to propose allocation changes and/or cuts in AIDS funding, significant reductions in Medicaid funding, and elimination of some Medicare reimbursements to hospitals. According to the Department of Public Health, past experience has indicated that these actions would likely result in an increase in the number of uninsured and indigent patients using county hospitals and emergency rooms as their health care source. Such an increase would result in significant increased costs to the City's General Fund.

The Chair of the National Conference of Mayors noted in a recent press statement that both houses of Congress had, in the past, supported proposals to relieve cities of the burden of "unfunded mandates," imposed by the Federal government, and that the new Republican leadership would likely support this proposal as well. In addition, the Chair noted that Republicans had also proposed crime program block grants to the cities, which is supported by many mayors.

Item 2 - File 100-94-15

Item: Hearing to consider the impact of the change in the State Legislature and the impact it may have on the City's budget.

Description: Currently, San Francisco receives more than 25 percent of its overall funding for public services and facilities from the State and Federal governments. Many public service programs and facilities in the City, such as child care programs, health programs, and environmental protection programs, for example, are up to 100 percent State-funded. Little specific information is available as yet on what proposals affecting State-funded programs might emerge from the newly-elected State Legislature.

The 1994 State budget package included a two-year plan for balancing the State budget. As part of that package, legislation was adopted (known as the "trigger" bill) that requires automatic spending cuts across the board if the State's cash position deteriorates and is not corrected by legislative action. The current estimate of the deficit that will be faced by the State in drawing up the FY 1995-96 budget is $5 billion. As a result of this projected deficit, it is likely that significant cuts will be made to State-funded programs in the FY 1995-96 budget, in order to meet the goal of a balanced State budget.

According to the League of California Cities, budget cutting measures previously proposed by the Governor will likely be included in the State budget proposal next year. Some of these measures which could directly affect San Francisco include welfare grant amount reductions, further reductions in both Medi-Cal eligibility and benefit amounts, substance abuse program funding reductions, and proposals to shift a greater share of foster care and home supportive service costs and Trial Court costs to the counties.

As reported by San Francisco's Director of Intergovernmental Affairs, Ms. Margaret Kisliuk, the dollar impact of the FY 1994-95 State budget reductions on San Francisco was a decrease of between $20.4 and $21.4 million in funding for a variety of public services. Ms. Kisliuk reports that it is likely that San Francisco will face a cut in State funding in FY 1995-96 of at least this amount or greater.

According to the Departments of Social Services and Public Health, experience indicates that welfare and health program funding and eligibility reductions of the type anticipated in the State budget for FY 95-96 each result in increases in the

number of persons applying for General Assistance, and in the number of uninsured and indigent patients using county hospitals and emergency rooms as their health care source. Such increases would result in significant increased costs to the City's General Fund.

Item 3 - File 97-94-33

Note: This item was formally a part of two pieces of legislation under Files 97-94-32 and 97-94-33. These two items have now been combined into one file as an Amendment of the Whole under File 97-94-33. The Amendment of the Whole was continued by the Budget Committee at its meeting of November 2, 1994 with the request that the Controller send a letter to all City departments inquiring as to what additional costs, if any, will be incurred by these departments, as a result of this proposed legislation.

Department: Mayor's Office
Board of Supervisors

Item: Ordinance (File 97-94-33) amending Chapter 3 of the San Francisco Administrative Code by adding Section 3.18.

Description: In June, 1994, the San Francisco voters approved Proposition G which requires that the City's "line-item" budget be replaced with a "mission-driven" budget. Under Proposition G, each department must spell out its goals and organize its budget according to those goals. For each goal, the department is required to spell out what it will do to meet that goal, whom it expects to serve and how much it will cost. The budget will also include an evaluation of the department's performance in the year before.

According to Proposition G, each Department shall provide the Mayor and the Board of Supervisors with the following details regarding its budget:

a) the overall mission and goals of the department.

b) the specific programs and activities conducted by the department to accomplish its mission and goals.

c) the customer(s) or client(s) served by the department.

d) the service outcome desired by the customer(s) or client(s) of the department's programs and activities.

e) strategic plans that guide each program or activity.

f) productivity goals that measure progress toward strategic plans.

g) the total cost of carrying out each program or activity.

BOARD OF SUPERVISORS
BUDGET ANALYST

h) the extent to which the department achieved, exceeded, or failed to meet its missions, goals, productivity objectives, service objectives, strategic plans and spending constraints identified in subsections a through f during the prior year.

The proposed ordinance would also require departments to specifically respond to how the department's proposed budget is consistent with the department's "Three-Year Program Priority Assessment and Mission and Goals Statement." This requirement was not part of Proposition G.

In accordance with Proposition G, the proposed ordinance would be implemented in the following three phases, over three years, with the Mayor to be responsible for identifying one-third of the City's departments which would be required to have a "mission-driven" budget beginning in FY 1995-96.

Ms. Teresa Serata of the Mayor's Office has provided the attached copy of a memo (Attachment I) from the Mayor which has been transmitted to all departments requesting that the following (Phase 1) departments submit a "mission-driven" budget by February 1, 1995 for FY 1995-96.

District Attorney	Port
Sheriff	Public Library
Treasurer/Tax Collector	Recreation and Park
Trial Courts*	Water Department
Ethics	Telecommunications
Mayor	Community Health
Commission on Aging	Laguna Honda
San Francisco General Hospital	Municipal Railway
Police Department	Mental Health
Purchaser	Airport

*The proposed ordinance would not require the Trial Courts to submit a "mission-driven" budget until FY 1996-97, even though the Trial Courts have been specified by the Mayor as Phase 1 departments.

The proposed ordinance would also require the Redevelopment Agency to submit a "mission-driven" budget beginning in FY 1995-96, although this department has not been specified by the Mayor as a Phase 1 department.

In addition to implementing Proposition G, the proposed ordinance would require departments to submit three-year long-range budgetary planning information to the Mayor and the Board of Supervisors, which was not required under

proposition G. Specifically, the proposed ordinance would add Section 3.18 of the Administrative Code, requiring the following activities:

1) Each City Department must develop long-term departmental and agency budget planning-setting goals and strategies, including developing an annual mission and goals statement for developing its budget estimate for the next fiscal year, to be submitted to the Mayor no later than February 1, 1995. The Mayor would be required to review each department's mission and goals statement, and the Board of Supervisors would consider these mission and goals statements as part of the annual budgetary process. These mission and goals statements also would require departments to submit additional information that has not been required under Proposition G, such as specifying how the department plans to foster its successes and remedy its deficiencies. In addition, the proposed ordinance would require the Mayor to prepare a written statement of the City's missions and goals, which also reports the City's success in meeting those standards. The Board of Supervisors would consider these mission and goals statements, as well as the City's overall mission and goals statement as part of the annual budgetary process.

2) Each City Department would be required to develop a "Three-Year Priority Assessment" of governmental programs and services, by annually evaluating the importance of all programs and services within its jurisdictions, and ranking them in writing from "most essential to least essential". This ranking of all programs must be submitted to the Mayor by February 1, 1995. The Mayor would be required to review each department's priority assessment and report in writing how it conforms or contrasts with the City's budget, and the Board of Supervisors would consider these assessments as part of the annual budgetary process.

3) Each City Department would be required to develop a "Three-Year Budget Plan" that projects revenues and expenditures for the next three years. This three-year plan must be submitted to the Controller no later than February 1, 1995. The Controller would consolidate these budget plans and transmit them to the Mayor no later than March 1, 1995. The Mayor then would review the budget plans, and report in writing how it conforms or contrasts with the City's budget. The Board of Supervisors

would consider these budget plans as part of the annual budgetary process.

Comments:

1. Ms. Serata indicates that the Mayor's Office would also assist departments with developing clearly defined mission and goal statements, and is currently developing a method to incorporate these missions and goals into the financial reporting system of the Controller's Office.

2. The annual budget instructions of the Mayor to Commission Presidents and Department Heads requests that departments submit Mission Driven Program Budgets, and Program Description Reports. There are two different levels of program description requested in the Mayor's budget instructions. Level 1 items are positions, contracts and equipment, and expenditures for these categories must be explained in detail (such as specifying all positions and contracts). All other budget items are classified as Level 2 expenditures, and only increases or decreases in these items will be required to be justified. In accordance with Proposition G, these program budget descriptions will replace line-item descriptions that are currently submitted by departments. The Budget Analyst may require additional explanations of line-item objects if the program descriptions are not sufficient. Any additional information can be obtained by the Budget Analyst from the departments during the annual budgetary process.

3. The Controller has determined that the Charter Amendment (Proposition G) in and of itself should not affect the cost of government. According to Ms. Serata, because the proposed ordinance would also require departments to respond to how their proposed budget is consistent with a "Three-Year Program Priority Assessment" and require developing a "Three-Year Budget Plan" which were not required under Proposition G, there may be some additional time expended or costs incurred for activities at the department level. Mr. John Madden of the Controller's Office also reports that more departmental staff time would have to be spent developing the "Three-Year Program Priority Assessment" and "Three-Year Budget Plan."

4. The Controller has submitted a letter to the Budget Committee (Attachment II) summarizing the results of his departmental cost survey.

5. The aforementioned memo (Attachment I) and budget instructions from the Mayor regarding "mission-driven" budgeting does not request that departments comply with the

"Three-Year Program Priority Assessment" or the "Three-Year Budget Plan" As noted, requiring departments to complete a Three-Year Program Priority Assessment and Budget Plan is part of the proposed ordinance, but not part of the provisions of Proposition G.

6. Proposition G further states "Within thirty days of the Controller's issuance of the combined annual financial report of the City and County of San Francisco, the Controller shall report to the Mayor and the Board of Supervisors regarding the extent to which each department has succeeded in the prior fiscal year in achieving savings measured by the difference between projected and experienced expenditures and the extent to which each department in the prior fiscal year has recovered additional revenues measured by the difference between projected and experienced revenues. The people of the City and County of San Francisco declare that it shall be City policy to encourage the Mayor and the Board of Supervisors, upon receipt of this report, through the supplemental appropriation process to give serious consideration to rewarding those departments that the Controller has certified pursuant to this section exceeded their revenue goals or met or exceeded departmental operational goals expending less than had been projected in the budget."

Recommendation: Approve the proposed ordinance,

BOARD OF SUPERVISORS
BUDGET ANALYST

Office of the Mayor
SAN FRANCISCO

FRANK M. JORDAN

September 21, 1994

Department Heads
City and County of San Francisco

Dear Department Heads:

This past June, voters approved Proposition G, the Mission Driven Budgeting Amendment (full text attached). The City charter now requires the Mayor to identify the City departments to begin Mission Driven Budgeting next year. Therefore, this letter is to inform you that I have selected the following departments to begin Mission Driven Budgeting with the FY 1995-96 budget:

(04) District Attorney
(06) Sheriff
(08) Treasurer/Tax Collector
(12) Trial Courts
(18) Ethics
(25) Mayor
(26) Commission on Aging
(27) Airport
(35) Muni
(38) Police
(39) Port
(41) Library
(42) Recreation and Park
(47) Water
(75) Telecommunications
(83) Community Health
(85) Laguna Honda
(86) San Francisco General
(87) Mental Health
(91) Purchaser

Although at minimum one-third of City departments are mandated to implement Mission Driven Budgeting this year, all other departments are invited to participate during the FY 1995-96 budget cycle.

The Mission Driven Budget process represents a singular opportunity to improve San Francisco's budget process. We will shift our focus from the annual incremental change in expenditure line items to the overall mission of the department, the specific programs that enable a department to accomplish its goals, the inputs used to accomplish a program's work program, the outcomes or end results accomplished and the sources of funds used to complete this work.

I believe the requirements of Mission Driven Budgeting will easily fit into the Program Budget format that was prepared by each department for the FY 1994-95 budget. To fully comply with the intent of the new law, the information in the Program Budget will need to be reviewed, refined and improved.

200 CITY HALL, SAN FRANCISCO, CALIFORNIA 94102
(415) 554-6141

In my view, four elements of the program budget are critical to the City's successful transition to Mission Driven Budgeting:

- Clear program definition: All departments should review, and as necessary rethink, the appropriate program breakdown of overall functions. Proper program definition in the next few months is critical in order to develop a consistent format with the Controller's new on-line FAMIS accounting system.

- Meaningful performance measures: Numerous and quantifiable performance measures should accurately identify all program outcomes.

- Strategic Plans: A clear strategic plan describing the methods for achieving program goals must be developed.

- Accurate budget numbers: Expenditure, revenue and position figures must accurately reflect each program's components.

I have instructed my budget staff in cooperation with the Controller to work closely with all City Departments to help refine and improve these program budgets.

Every department is invited to send a representative to a planning meeting on Thursday October 13 from 1 - 3 p.m. in room 300, 101 Grove Street. All participating departments are requested to send their Budget Officer to this meeting where we will further detail the process to complete the mission driven budget as well as get each department's ideas and suggestions on its implementation. Individual and group follow-up training sessions will be conducted as required. Please contact your budget analyst directly if you have any questions and to confirm attendance at the planning meeting.

The Mission Driven Budgeting amendment provides a unique opportunity for San Francisco to rethink and reinvent its budget process. I want to thank all of you for your efforts to make it a success.

Sincerely,

Frank M. Jordan
Mayor

cc: Department Budget Officers

FMJ:jm

City and County of San Francisco

Office of Controller

MEMORANDUM

December 5, 1994

TO: Budget Committee
Board of Supervisors

FROM: Ed Harrington

SUBJECT: Mission Based Budgets - Cost and Effort

In preparation for your December 7,1994 review of legislation regarding Mission Based budgeting, you had asked that I request information from Departments relating to any additional cost or effort this legislation might require.

I received responses from 10 departments. In general, most believe this to be a worthwhile effort, but most indicated it would be difficult to implement. I have summarized the general comments below. In addition, where departments actually made an estimate of time or cost, I have included those estimates.

- Insure that the Mayor's and Board' s budget requirements match. To the extent they do not match for 1994-95, defer other changes until next year.
- Decide which budget process the City is going to follow and require only that process. Currently departments are completing documentation for program and/or mission based budgets. In addition, all departments are required to still produce line item explanations that do not necessarily match to the program budgets. Finally, some departments are going through a zero-based budget process. It is difficult to staff for these different ways of "slicing the pie".
- Priority rankings should be made within funding sources. If a certain program is funded from a restricted source, it is not in competition with other programs and should not be shown as such. It could give the misleading implication that funds could be diverted to a higher priority program when that option does not exist.
- Various proposals were made to defer some or all of these requirements to later years. Most of these commented on the lack of administrative staff resources from earlier budget cuts.
- Cost or "Effort" Estimates were:

  Assessor - additional 45 days work (noted they did not think this was onerous)
  Law Library - 40 hours extra.
  Planning - double the time and resources currently devoted.
  Port - would cost $5,500 to implement.
  Sheriff - about $6,000 of overtime for budget officer.
  Weights & Measures - additional 5% of budget.

cc: Supervisor Kaufman
Teresa Serata
Harvey Rose

Item 4 - File 97-94-76

Department: Department of Public Health (DPH)

Item: Ordinance amending the San Francisco Administrative Code by adding Section 19A.33, authorizing the Director of Public Health to execute an agreement with PacifiCare of California for the provision of medical services to Medi-Cal beneficiaries for capitated payments, including an agreement to indemnify PacifiCare of California, and providing that, notwithstanding the City's Sunshine Ordinance, records relating to rates of payment shall not be disclosed for three years from execution of this agreement.

Description: Currently, health care providers, including hospitals, non-profit health care providers and private health care providers, provide health care on a fee-for-service basis, whereby the State Department of Health Services (SDHS) uses Medi-Cal funds to reimburse health care providers after the medical service has already been rendered.

However, as an alternative to this system, SDHS has undertaken development of a "managed care" system, in which each of two managed care plans in each county would receive from SDHS a periodic payment of a "capitated" amount, which is the sum of negotiated payment rates for all Medi-Cal beneficiaries enrolled by that particular managed care plan, prior to the rendering of medical services. The managed care plan is currently scheduled to go into effect on December 1, 1995.

As noted above, under the managed care delivery system, each county would be required to have two managed care plans: 1) a local initiative, which is a new entity consisting of local providers, both public and private, and a governing body. There is currently legislation, pending approval by the Board of Supervisors, that would establish the local initiative entity for San Francisco, to be known as the San Francisco Health Authority; and 2) a "mainstream," private, non-governmentally-operated Health Maintenance Organization (HMO) plan. This "mainstream" HMO would be selected by the State.

Each of these two managed care plans could contract with hospitals, non-profit health providers and private health providers to provide health services to Medi-Cal beneficiaries in return for "capitated" payments. Medi-Cal beneficiaries in San Francisco would have a choice between the San Francisco Health Authority and the State-appointed,

"mainstream" HMO. Upon enrollment with one of these two managed care plans, Medi-Cal beneficiaries would choose a primary care provider, who would provide basic care and would decide when a referral to a specialist is necessary. The goals of the managed care delivery system are to eliminate inappropriate emergency room and specialty services use and to provide incentives for preventive care.

While San Francisco is already in the process of establishing the local initiative managed care plan, the State has not yet selected the private, "mainstream" HMO. However, until the State does select the "mainstream" HMO, the State is allowing several private HMOs to participate in managed care by contracting with local health providers to provide medical services in return for "capitated" payments.

PacifiCare of California is a private HMO operating in California and is one of the HMOs authorized by the State to participate in the managed care plan until a "mainstream" HMO is selected by the State. As such, PacifiCare is authorized to contract with local health care providers for the provision of medical services to Medi-Cal beneficiaries who enroll in the PacifiCare Medi-Cal Plan. In return, such local health care providers would receive "capitated" payments from PacifiCare. The proposed ordinance would authorize the Department of Public Health (DPH) to enter into an agreement to provide medical services to Medi-Cal beneficiaries enrolled by PacifiCare. In return, DPH would receive "capitated" payments from PacifiCare on a prepaid, monthly basis, based on rates that are stipulated in the proposed agreement.

Under the proposed agreement, both DPH and PacifiCare would agree not to disclose any records relating to the payment rates for three years from the date on which the proposed agreement is executed, or until approximately mid-December of 1997. According to Ms. Kathy Murphy of San Francisco General Hospital (SFGH), prepaid health plans such as PacifiCare consider their contract rates to be proprietary information, and the reason for not disclosing such payment data is that public disclosure of the rates of payment could adversely affect the City's ability to engage in effective negotiations for other managed health care contracts.

In addition, under the proposed agreement, DPH would agree to indemnify and hold PacifiCare harmless against any and all fines, claims, demands, suits, actions or costs arising by reason of any negligent acts performed by DPH. Likewise,

PacifiCare would agree to indemnify DPH against any negligent acts performed by PacifiCare.

Comments:

1. As previously noted, under the proposed agreement, DPH would receive monthly payments of a "capitated" amount from PacifiCare. Capitated payments put Medi-Cal health care providers, such as DPH, at an increased risk because such providers have to agree to accept responsibility for providing services in exchange for a set payment, regardless of the amount of services that may be provided to its clients.

The proposed agreement includes a provision that would provide reinsurance coverage to DPH through the SDHS-administered Risk Limitation Program. Through the Reinsurance Program, the City would be fully responsible for the cost of services provided to Medi-Cal clients up to a certain, agreed-upon amount per Medi-Cal client per year. PacifiCare would reimburse DPH any amount in excess of this threshold amount. According to a recent analysis performed by SFGH, the net cost to the City of purchasing this reinsurance coverage for services provided beyond the threshold amount is estimated to be approximately $175,000 per year. This cost would be deducted from the monthly capitation payments that the City receives from PacifiCare.

2. The proposed agreement is scheduled to commence upon approval of this proposed ordinance by the Board of Supervisors, which is anticipated in December, 1994. The term of this agreement would be automatically extended for one year on each successive January 1 unless either party provides the other with written notice of such party's intention not to extend the term within 180 days of the January 1 renewal date. According to Ms. Murphy, the proposed agreement would be terminated by DPH if the State chooses a "mainstream" HMO other than PacifiCare or if the City loses a significant amount of money due to the provision of medical services by DPH beyond the threshold limit.

3. According to Ms. Murphy, Foundation HMO, which is another private HMO that has been authorized by the State to participate in Medi-Cal managed care, has entered into a contract with St. Luke's Hospital for the provision of medical services to Medi-Cal beneficiaries and has already begun enrolling Medi-Cal beneficiaries.

4. A copy of the proposed agreement between DPH and PacifiCare is included in the Board of Supervisors file.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 5 - File 172-94-45

Department: Department of Public Health (DPH)

Item: Resolution authorizing the contract between the Department of Public Health and Coopers & Lybrand LLP to provide project management and implementation assistance of a Health-care Management Information System.

Amount: Maximum of $6,668,025

Source of Funds: Medi-Cal revenues and SB1255 funds

Term of Contract: 2 and 1/2 years from the date that the Controller's Office certifies that funds are available

Description: The Board of Supervisors previously approved a supplemental appropriation in the amount of $21,319,026 to begin implementation of a management information system (MIS) development plan to augment the current San Francisco General Hospital (SFGH) patient billing system and support implementation of managed care as required by the State of California Department of Health Services and anticipated Federal health care reform (File 101-93-109.1). Managed care will require replacement of current fee-for-service patient billing practices with capitated revenue for provision of public health and hospital services to Medi-Cal eligible health care recipients receiving services from Community Health Services, SFGH, Laguna Honda Hospital and the DPH Division of Mental Health, Substance Abuse, and Forensics. The $21,319,026 was designated to pay for a contract between DPH and Shared Medical Systems (SMS) for the SMS to provide (1) the Remote Computing Option system which would provide DPH with the use of SMS's proprietary software for patient billing and registration, patient accounts, clinical records, lab orders and results, and other data and information exchange capabilities and (2) the installation of a network system to connect DPH sites with each other and with SMS's MIS Systems Center in Malvern, Pennsylvania.

The DPH advises that the proposed contract with Coopers & Lybrand is to provide for needed project management and implementation of the SMS's management information system. Under the proposed contract, Coopers & Lybrand would be paid an amount not to exceed $6,668,025 (see Attachment I).

Coopers & Lybrand's project management and implementation of the SMS's management information system would involve adapting the SMS software to meet the specific needs of DPH's business operations and training DPH staff on how to use the new system.

Comments:

1. According to Mr. David Counter of DPH, the DPH is proposing to contract with Coopers & Lybrand on a sole source basis, because (1) Coopers & Lybrand previously assisted SFGH and DPH in developing an Information Systems Strategic Plan and is therefore intimately familiar with DPH's operations, (2) Coopers & Lybrand has unique qualifications in that they have conducted several similar SMS software installation projects within the United States and (3) the firm has specialized SMS systems knowledge, with a SMS Training Center of Excellence established at their Health Care Information Systems headquarters in Chicago. According to Mr. Counter, SMS itself cannot handle the proposed project management functions because the firm does not have the necessary expertise.

2. The Human Rights Commission (HRC) granted DPH a sole source waiver in connection with this contract based on DPH's assertions regarding Coopers & Lybrand and a commitment by Coopers & Lybrand to a MBE/WBE participation goal of 35 percent of the total number of contract hours, based on the firm's good faith efforts.

3. Coopers & Lybrand has selected Systems Support Technology, a local MBE firm, as a subcontractor. The total number of contract hours is 38,989, of which 9,660 or 24.7 percent are allocated to Systems Support Technology. Based on 9,660 hours, the total amount of Systems Support Technology's subcontract is $870,156 or 17.3 percent of the total contract amount (excluding expenses) of $5,019,029. Mr. Edwin Lee of HRC advises that Coopers & Lybrand appears to have made a strong good faith effort to meet the above-noted 35 percent goal. However, Mr. Edwin believes that Coopers & and Lybrand should continue their efforts towards achieving such goal should any future modification to the scope of the contract present an opportunity to do so.

4. The proposed contract includes a hold harmless clause, which provides that Coopers & Lybrand shall have no liability with respect to its obligations under this agreement for consequential, exemplary (bad faith), special, indirect, incidental or punitive damages, even if it has been advised of the possibility of such damages. Notwithstanding this provision, the liability of Coopers & Lybrand for any reason,

cause or claim shall be limited to $6,668,025. Such limitations shall not apply to Coopers & Lybrand's liability to the City for third party claims brought against the City for bodily injury or damage to physical property to the extent that such damage was caused by the negligent or willful misconduct of Coopers & Lybrand.

5. Ms. Paula Jesson of the City Attorney's Office, advises that the City normally does not limit a contractor's liability for failure to comply with all terms of the contract, including any violation of the agreement which would potentially cost the City monies. According to Ms. Jesson, the City's potential financial exposure in light of this hold harmless clause cannot be determined. Ms. Jesson states that the hold harmless clause, as drafted, was considered to be non-negotiable by Coopers & Lybrand and, as such, the inclusion of this clause was required in order for the contract to proceed.

6. As noted in Attachment I Coopers & Lybrand would be paid hourly rates ranging from $66 to $250. Additionally, Coopers & Lybrand will be paid $1,114,239 for travel, lodging and subsistence expenses as itemized in Attachment II.

Recommendation: In light of (a) Ms. Jesson's comments above regarding the hold harmless clause contained in the proposed contract and (b) the fact that the MBE/WBE goal of 35 percent has not been met, approval of the proposed resolution is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

Attachment I

Staffing Requirements and Professional Fees for SMS Implementation
Phase 1

PROJECT DETAIL

TITLE	ENTITY	MONTHS	FTE's	HOURS	RATE	COST
GENERAL						
Engagement Partner	C&L	20	0.1	440	$250	$110,000
Engagement Director	C&L	20	0.4	1,384	$170	$235,418
QA Partner	C&L	20	0.1	440	$250	$110,000
Project Manager	C&L	20	0.7	2,448	$170	$416,405
Invision Appl Mgr.	C&L	20	0.9	2,856	$158	$449,620
PMW Coord /Admin.	C&L	20	0.5	1,843	$90	$165,870
ICO to RCO (Open LINK)						
Team Leader	SFG/DPH	8.5	1.0	1,428		
Analysts/Builders	SFG/DPH	8.5	2.5	3,570		
Analysts/Builders	C&L	8.5	1.2	1,685	$115	$193,691
HDX Analyst	SFG/DPH	3	1.0	504		
Order Processing/COR						
Team Leader	C&L	18.0	0.9	2,856	$130	$370,852
Analysts/Builders	SFG/DPH	18.0	1.2	3,524		
Analysts/Builders	C&L	18.0	0.9	2,772	$115	$318,641
Analysts/Builders	M/WBE	16.0	1.0	2,688	$66	$177,408
SIGNATURE						
Team Leader	C&L	13.5	1.0	2,184	$130	$283,592
Analysts/Builders	SFG/DPH	13.5	2.7	6,170		
Analysts/Builders	C&L	13.5			$115	
Analysts/Builders	M/WBE	11.5	1.0	1,932	$89	$171,948
LCR, Results and Flowsheets						
Team Leader	C&L	17.5	0.7	2,016	$200	$402,192
Analysts/Builders	SFG/DPH	17.5	1.2	3,440		
Analysts/Builders	C&L	17.5	0.9	2,772	$130	$360,568
Analysts/Builders	M/WBE	15.5	1.1	2,940	$120	$352,800
Enterprise Access Directory						
Team Leader	C&L	12.5	0.9	1,932	$130	$250,870
Analysts/Builders	SFG/DPH	12.5	1.0	2,100		
Analysts/Builders	C&L	12.5			$115	
Analysts/Builders	M/WBE	10.5	1.2	2,100	$80	$168,000
Managed Care (Diamond)						
Team Leader	C&L	8.5	1.4	2,016	$130	$261,778
Analysts/Builders	SFG/DPH	8.5	2.0	2,856		
Analysts/Builders	C&L	8.5			$115	
*Psychiatric***						
Team Leader	C&L	8.0	1.3	1,685	$130	$219,176
Analysts/Builders	SFG/DPH	8.0	3.0	4,032		
Analysts/Builders	C&L	8.0			$115	
*DMS Operations Review***						
Team Leader	C&L					$87,500
Analyst	C&L					
SFGH/DPH SUB-TOTAL			16	27,624		
C&L SUB-TOTAL			12	29,329		$4,148,873
M/WBE SUB-TOTAL (Includes Project Expenses)*			4	9,660		$870,156
PHASE 1 PROFESSIONAL FEE TOTALS			32	66,613		$5,019,029

Coopers & Lybrand Travel, Lodging and Subsistence Expenses	$1,114,923
*Coopers & Lybrand Administrative Support Expenses****	$255,000
C&L Rate Increase (effective July 1, 1995)	$156,572
PHASE 1 GRAND TOTAL (C&L + M/WBE)	$6,545,525
*DMS Project Professional Fees*** (Division of Mental Health Services)	$87,500
DMS Project Expenses ** (Division of Mental Health Services)	$35,000
GRAND TOTAL (C&L + M/WBE)	$6,668,025
Grand Total Fiscal Year 94-95	$3,168,358
Grand Total Fiscal Year 95-96	$3,499,666

PROJECT ASSUMPTIONS

168 Productive Hours per Month per FTE

NOTES

** Optional project task. Service to be provided only if City elects to exercise this option.

*** Administrative support expenses include adminstrative assistance, word processing, telephone/network fees, reproduction, postage, computer usage fees, network access, and application documentation

S.F.D.P.H. - COST ESTIMATE FOR INTEGRATED HEALTH SYSTEM PROJECT

	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	Year 1
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Support Schedule - Expenses													
Travel Home Allowance							12,000	12,000	12,000	12,000	12,000	12,000	72,000
Travel (Engagement Related)							1,389	1,389	1,389	1,389	1,389	1,389	8,333
Meals							2,222	2,222	2,222	2,222	2,222	2,222	13,333
Lodging							17,889	17,889	17,889	17,889	17,889	17,889	107,333
Auto Rental/Cab Fare							2,500	2,500	2,500	2,500	2,500	2,500	15,000
Tax Gross Up - Business Reimbursement							17,496	17,496	17,496	17,496	17,496	17,496	104,974
Relocation Allowance (Incidentals)							12,000						12,000
Rental/House Search/Household goods move							80,000						80,000
Cost to Break Lease							15,000						15,000
Brokers Commission and Security Deposits							45,000						45,000

S.F.D.P.H. - COST ESTIMATE FOR INTEGRATED HEALTH SYSTEM PROJECT

Support Schedule - Expenses	Jul-95 13	Aug-95 14	Sep-95 15	Oct-95 16	Nov-95 17	Dec-95 18	Jan-96 19	Feb-96 20	Mar-96 21	Apr-96 22	May-96 23	Jun-96 24	Year 2 Total	TOTAL
Travel Home Allowance	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000	216,000
Travel (Engagement Related)	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	16,667	25,000
Meals	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	26,667	40,000
Lodging	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	214,667	322,000
Auto Rental/Cab Fare	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	45,000
Tax Gross Up - Business Reimbursement	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	209,949	314,923
Relocation Allowance (Incidentals)														12,000
Rental/House Search/Household goods move														80,000
Cost to Break Lease														15,000
Brokers Commission and Security Deposits														45,000

Total $1,114,923

Item 6 - File 133-94-3

Department: Chief Administrative Officer (CAO)

Item: Resolution authorizing the Chief Administrative Officer (CAO) to accept and expend a $41,814.57 beverage container recycling payment from the California Department of Conservation.

Description: The proposed resolution would authorize the Solid Waste Management Program of the Office of the Chief Administrative Officer to accept and expend a $41,814.57 beverage container recycling payment from the California Department of Conservation. These funds are from deposits made on beverage containers that have not been redeemed for a refund, and that were allocated to California cities in FY 1993-94 based on the percentage of total recycling tonnage of bottles and cans in California that each city's curbside program has contributed.

According to the State Public Resources Code, the funds must be used to support activities related to beverage container recycling. The Solid Waste Management Program intends to use the funds to cover the costs of development and mailing of a brochure that promotes and educates City residents about recycling.

Budget: The Solid Waste Management Program's budget for the proposed expenditure of the Department of Conservation payment is as follows:

Design and Artwork	$9,000
Printing	1,392
Mailing Costs (for 321,000 pieces):	
List development	4,815
Presorting	1,605
Label printing/affixing	145
Postage	24,858
TOTAL	$41,815

Comments: 1) Mr. Robert Haley, the CAO's Residential and Special Projects Coordinator at the Recycling Program, advises that the City was not required to apply to the State Department of Conservation (DOC) for the deposit funds in order to receive them. Mr. Haley stated that the City received the $41,814.57 in September of 1994, but that the funds have not yet been expended.

2) Mr. Haley states that there is $1 million in the DOC's pool of funds collected from deposits on bottles and cans that have not been redeemed for deposit refunds. According to Mr. Haley, the City recycles approximately four percent of the volume of bottles and cans recycled in the State, and as a result was eligible for $41,814.57 out of the $1 million State pool of funds.

3) According to Mr. Haley, FY 1993-94 was the first year that these beverage container refund funds were made available from the State DOC, and that it is anticipated, but not certain, that funds will also be available for FY 1994-95.

Recommendation: Approve the proposed resolution.

Item 7 - File 148-94-7

Department: Department of Public Health (DPH)

Item: Resolution authorizing the Director of the Department of Public Health to 1) accept the transfer of funds from the State for the implementation of the inpatient component of the Medi-Cal mental health care system in San Francisco, and 2) assume the responsibility for authorization of fee-for-service Medical inpatient services.

Description: The proposed resolution will begin the City's implementation of a State plan to consolidate the administration and funding allocation of the Medi-Cal mental health care system. The State plan is proposed to be implemented in phases, beginning on January 1, 1995 and finishing on July 1, 1997. The State plan to consolidate the administration and funding for Medi-Cal mental health is part of a broader plan to implement managed health care systems for all Medi-Cal patient populations, following the lead of approximately 30 States that have implemented managed care for Federal Medicaid-funded health services.

The proposed resolution specifies that $1,835,119 will be paid to the City from the State General Fund for inpatient services to be provided by private hospitals for the period from January 1, 1995 through June 30, 1995. This allocation will be used to match an additional $1,835,119 in Medi-Cal funds from the Federal Medicaid program, for a total of $3,670,238. The purpose of this State funding allocation to the City is to assign the City the responsibility for authorizing payment for acute inpatient psychiatric care. These funds will continue to be allocated from the State until July 1, 1997, when a capitation system based on a set rate per patient is planned to take effect. Currently, the City receives Medi-Cal funding for San Francisco General Hospital, City-run mental health clinics, and other mental health care providers that contract with the City, but does not receive or control Medi-Cal funding for mental health services provided by private hospitals and doctors that contract directly with the State. The receipt by the City of a total of $3,670,238 from the State General Fund and from Medi-Cal will have the effect of combining the two existing Medi-Cal funding streams into one City-managed system, and will give the City control over the allocation of all Medi-Cal funding for inpatient mental health care provided in the City.

On July 7, the Board of Supervisors approved a resolution (File number 551-94) that generally endorsed the development of a managed mental health care system in the City. The resolution authorized the submission of a letter of intent from the Director of the Department Public Health that indicated the City's willingness to assume responsibility for the authorization of mental health services currently overseen by Medi-Cal and accept the transfer of funding from the State for Medi-Cal acute inpatient psychiatric care. That resolution stated that the funding would become effective for the six-months beginning on October 1, 1994. Since the passage of that resolution, the timetable set by the State Department of Health Services for the payment to the City was moved forward to the six-month period beginning January 1, 1995.

The managed mental health care plan that is referenced in the proposed resolution consists of the three steps. First, as set out in the proposed resolution, the plan will consolidate the two current mental health systems into one system that is administered by the City by transferring authority and funding to the City for Medi-Cal-funded services that are currently authorized by the State. Currently, one mental health care system, the public system, pays for mental health services at San Francisco General Hospital and City-run clinics and is administered by the City. This system receives its funding from sales tax and vehicle licensing fees (i.e.: "realignment revenue") collected by the State. These funds are in turn matched by Medi-Cal funding provided under the Federal government's Medicaid allocation. The other mental health care system, the private fee-for-service system, pays for mental health services at private hospitals and doctors' offices. This system is presently administered by the State Department of Health Services and receives funds from the State General Fund, which are matched by funds from Medi-Cal. Under the proposed plan, the transfer of administrative authority from the State to the City for the private fee-for-service for inpatient hospital services will take place January 1, 1995, concurrent with the City's new authority over $3,670,238 from the State General Fund and Medi-Cal.

The second step in the proposed plan is the assumption of responsibility by the City for the oversight of fee-for-service Medi-Cal inpatient physician services and all other fee-for-service outpatient mental health services. This phase of the plan is scheduled to take effect on January 1, 1996 and will be funded by an additional allocation from the State. The proposed resolution gives the Director of DPH the authority to accept this additional allocation for outpatient services.

The third and final step under the proposed plan involves the capitation of all mental health services in the City, to take place on July 1, 1997. Until this phase of the plan is implemented, the amounts under Medi-Cal paid to the City will continue to be paid on a fee-for-service basis. After this phase of the plan is implemented, the City will receive from the State a set payment for each patient in the mental health care system, regardless of the level of service actually provided. The purpose of this method of payment is to give the City and other California counties an incentive to control costs and provide outpatient community-based and residential care to mentally ill residents whenever possible.

Comments:

1. Ms. Louise Rogers, Managed Care Planner for the Department of Mental Health under DPH, advises that State requirements provide that continued funding to the City for its existing mental health Medi-Cal program is contingent upon the City's acceptance of authority over the remainder of the Medi-Cal program and the City's development of a managed mental health care plan. Ms. Rogers states that approximately $12.5 million per year for mental health services from the sales tax and vehicle licensing fees would be at risk if the City did not agree to implement the State's plan.

2. Ms. Rogers states that the actual payment of Medi-Cal funds for outpatient and inpatient services will continue to be made by a private firm, Electronic Data Systems, that is under contract with the State to receive authorization for payment under Medi-Cal and issue checks to the service providers. However, under the proposed plan, the City will assume the authority from the State to approve the payment of services from Medi-Cal. Currently, the State has the authority to refuse Medi-Cal funding for treatment it considers unnecessary or excessively costly, forcing private hospitals to seek other funding or take a loss.

3. Ms. Rogers advises that a portion of the $1,835,119 that will be received from the State Medi-Cal program may be spent on non-acute community-based or residential care should the cost of acute psychiatric care be less than the $1,835,119 allocated to the City for this purpose. Ms. Rogers states that the State's intent in giving the City control over these Medi-Cal funds is to encourage cost-saving community-based and residential care whenever possible.

4. Ms. Rogers states that there is currently no estimate by DPH available on the amount of the additional allocation

that will be made by the State to the City for oversight of fee-for-service Medi-Cal inpatient physician services and all other fee-for-service outpatient mental health services under the second step of the mental health care plan. However, Ms. Rogers states the amount to be allocated will be significantly less than the $3,670,238 amount which the proposed resolution authorizes for inpatient mental health care.

5. The proposed resolution contains language to authorize the State to offset the City's mental health portion[1] of realignment revenue funds to pay the State for Medi-Cal inpatient mental health services. Ms. Rogers advises that the Medi-Cal payments using the $1,835,119 in funding from the State must be sent back to the State each month to cover actual patient services billed. The language that the State may offset other City mental health funds to pay for Medi-Cal services is to ensure that the State is reimbursed for Medi-Cal payments should the City fail to reimburse the State for these services.

6. Ms. Rogers states that the City intends to promote outpatient and community care for mentally ill residents, which is significantly less expensive than inpatient care. Under the proposed capitation plan, scheduled to take effect in 1997, the City will receive from Medi-Cal a fixed payment for each patient in the mental health system, and any funds not needed for actual patient care can be spent elsewhere in DPH's mental health care system. Ms. Rogers states that the set payment amount is to be negotiated between all the California county public health departments and the State, and the City's funding agreement is subject to approval by the Board of Supervisors.

Recommendation: Approve the proposed resolution.

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1 A portion of these funds also is paid to the Department of Social Services each year.

Item 8 - File 97-94-68

Item: Ordinance amending the Administrative Code by adding Section 10.2-7 allowing homeowners to transfer the base value of substantially damaged or destroyed residential property from another county in the State to a newly acquired or constructed replacement residential property in San Francisco.

Description: The proposed ordinance would enact provisions of State Proposition 171, which was approved by the voters in 1993. Proposition 171, and its accompanying State legislation, authorizes counties to allow homeowners to transfer the base value of substantially destroyed or damaged residential property from one county in California to newly purchased or built replacement residential property in another county.

In other words, under the proposed ordinance, homeowners can carry their most recent property tax assessment, or "base year value" from a damaged or destroyed home in another county to a home that they purchase or build in San Francisco. "Base year value" is defined by the State law as the assessed value on the date immediately prior to the home being destroyed or damaged, plus any inflation factor adjustments as allowed by State law.

State law, and the proposed ordinance, further provide that the new property must be of "equal or lesser value" than the old. "Equal or lesser value," as defined in the State law means that this provision does not apply unless the full cash value of the new home, as determined by the county assessor, does not exceed 105 percent of the old home if purchased in the first year after the old home is damaged or destroyed, 110 percent if purchased in the second year, or 115 percent if purchased in the third year after the old home is damaged or destroyed.

If approved, the proposed ordinance would become effective January 1, 1995.

Comments: 1. State law allows, but does not require, counties to enact provisions like those in the proposed subject ordinance. As such, the text of the ordinance specifies that the Board of Supevisors elects to approve this legislation.

2. Previous Statewide Propositions have authorized counties to extend privileges similar to those allowed under this ordinance to homeowners 55 and older. Approximately 15 counties out of 58 in California approved legislation allowing homeowners 55 or older to transfer their property tax base value from a home sold in one county to a home purchased in

another county. Approximately 5 counties have since repealed this privilege in part because of the fiscal impact of decreased property tax collections that resulted. San Francisco did not enact such an ordinance. In practice, both the law for persons 55 and older, and the proposed ordinance, allow some 1975 property tax valuations to be carried forward, with the effect that pre-Proposition 13 homeowners pay proportionally lower property taxes, and more recent home purchasers pay proportionally higher property taxes.

3. Mr. Dave Busse of the Assessor's Office states that the Assessor's Office has no specific estimate of the amount of property taxes that would be lost to the City as a result of this proposed ordinance. Mr. Busse notes that the Assessor's Office has received fewer than five inquiries regarding this issue since the passage of Proposition 171.

4. According to the State Board of Equalization, only one county, Contra Costa, has approved an ordinance allowing homeowners to transfer the base value of a damaged or destroyed home in one county to a newly purchased or built home in another county. Four other counties; Los Angeles, Modoc, Santa Clara and Solano, have such ordinances under consideration at this time.

5. Ms. Claudine Cheng of the City Attorney's Office advises that State law requires that the Board of Supervisors conduct a consultation on this proposed ordinance with affected local agencies. Those local agencies are the San Francisco Unified School District, San Francisco Community College District, Bay Area Rapid Transit District, Bay Area Air Quality Management District, and the San Francisco Redevelopment Agency. Such consultation is defined by the State law as a noticed hearing giving an opportunity for these agencies to testify before the Board of Supervisors. Therefore, these agencies should be notified with respect to this proposed ordinance.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

<u>BOARD OF SUPERVISORS</u>
BUDGET ANALYST

Items 9 and 10 - Files 101-94-32 and 102-94-5

Department: Employees Retirement System (ERS)

Items: **Item 9, File 101-94-32** - Supplemental appropriation ordinance appropriating $47,557 from the Employees Retirement Trust Fund for salaries and fringe benefits for the creation of one new position; subject of previous budgetary denial.

Item 10, File 102-94-5 - Ordinance amending Annual Salary Ordinance, reflecting the addition of one new position (4331 Security Analyst) in the Investment Division of the Retirement System.

Amount: $47,557

Source of Funds: Employees Retirement Trust Fund

Description: In the ERS's FY 1994-95 budget proposal, the Department requested the creation of one new 1652 Senior Accountant to monitor the City's retirement contributions and the deferred compensation program. Based on the recommendation of the Budget Analyst, the Board of Supervisors approved this new position. Accounting services were being provided at that time by an Accountant occupying the budgeted position of a Security Analyst for the prior 3.5 years. However, based on the recommendation of the Budget Analyst, the Board of Supervisors eliminated the existing, vacant 4331 Security Analyst position since the duties being fulfilled were accounting duties and not investment duties.

The Investments Division of ERS currently contains nine positions, including six positions with investment duties, two positions with accounting duties and one secretarial position, as follows:

Class	Title	No. of Positions	Biweekly Salary @ Step 5	FY 1994-95 Budgeted Amount
1115	Chief Investment Officer	1	$4,229	$110,377
1452	Executive Secretary II	1	1,603	41,838
1654	Principal Accountant	1	2,074	54,131
1658	Chief Accountant	1	2,711	70,757
4331	Security Analyst	2	2,607	136,086
4332	Portfolio Manager	3	3,108	243,357
	Total	9		$656,546

In addition to the six positions which are directly involved in investment responsibilities, ERS also contracts with 23 firms for the provision of investment management services, at a total cost of $13,570,750 in FY 1994-95, as reflected in Attachment I.

The ERS Investments Division is divided into three areas: (1) Fixed Income, (2) Equities and (3) Real Estate/Alternative Investments. The three Portfolio Managers reflected in the table above are each assigned to one of these areas and are each assisted by one Security Analyst, except in the Real Estate/Alternative Investments area. Alternative Investments are defined as research-intensive investments, such as venture capital, leveraged buy-outs and oil and gas, with higher expected rates of return than traditional investments, such as common stocks and bonds. The Portfolio Manager position is responsible for investment decision-making and for supervising the work of the Security Analyst. The Security Analyst position is a support position among whose responsibilities include research, due diligence analysis on selected investments, the monitoring of investment progress, the measurement of contract investment managers performance and the preparation of investment recommendations and performance reports.

According to Ms. Clare Murphy, General Manager of the ERS, the Portfolio Manager assigned to Real Estate/Alternative Investments has been able to manage that portfolio without the assistance of a Security Analyst because of the smaller volume of investments in Real Estate/Alternative Investments by the City relative to the other two areas. As previously noted, prior to the deletion of one Security Analyst position in the FY 1994-95 budget, that Security Analyst position was filled by a person performing accounting duties, as opposed to investment duties, for 3.5 years.

Ms. Carolyn Hamilton of ERS advises that there is currently a balance of over $6 billion in the Employees Retirement Fund. Of this amount, approximately $3.1 billion is currently invested in Fixed Income, approximately $2.3 billion in Equities, approximately $485 million in Real Estate/Alternative Investments and approximately $211 million is in cash. According to Ms. Hamilton, although there are significantly less funds invested in Real Estate/Alternative Investments than in the other two areas, the Real Estate/Alternative Investments portfolio is much more complex and requires more specialized skills and different expertise than the other two portfolios. For this reason, according to Ms. Hamilton,. it would not be feasible for the Portfolio Manager

who is currently assigned to Real Estate/Alternative Investments to handle a portfolio as large as the Fixed Income or Equities portfolio.

The ERS is now requesting that one new Security Analyst position be approved to replace the position that was previously deleted by the Board of Supervisors. This position would be a support position for the Portfolio Manager in the Real Estate/Alternative Investments area of the Investments Division. According to Ms. Murphy, because of the plans for increased investment of approximately $337 million by the City in this area, for a total investment of approximately $822 million in Real Estate/Alternative Investments, this position is needed to assist the Portfolio Manager in managing these two rapidly growing and increasingly complex portfolios.

The proposed supplemental appropriation ordinance (File 101-94-32) would fund the salary of one 4331 Security Analyst position at the maximum biweekly salary of $2,607 for approximately 15.5 pay periods from December 5, 1994 through June 30, 1995 ($40,395), plus fringe benefits of $7,162 (17.7 percent of salary), for a total request of $47,557. The proposed ordinance (File 102-94-5) would amend the Annual Salary Ordinance to reflect the addition of one new 4331 Security Analyst position in the Investments Division of the Retirement System.

According to Ms. Murphy, the City is currently involved in 26 separate Alternative Investment limited partnerships, including oil and gas reserves, domestic and international venture capital, leveraged buyouts and distressed securities, representing a commitment of approximately $161 million. In accordance with current Retirement Board investment policies, the Retirement Board plans to commit an additional $137 million in Alternative Investments over the next three years. According to Ms. Murphy, Alternative Investments are expected to demonstrate a significantly higher rate of return than traditional investments, such as common stocks and bonds, over the next five years. Ms. Murphy advises that, in the past five years, Alternative Investments have experienced an average annual rate of return of approximately 12.1 percent.

In addition, Ms. Murphy advises that Real Estate Investments are also anticipated to generate a significantly higher rate of return than traditional investments over the next five years. The City currently has $324 million invested in real property assets. In accordance with current Retirement Board investment policies, the Retirement Board plans to commit an

additional $200 million over the next two to three years in Real Estate investments. In the past five years, Real Estate investments have experienced an average annual rate of return of approximately 2.2 percent.

Comments:

1. According to Ms. Murphy, the proposed new Security Analyst position "will significantly improve the Retirement System's ability to enhance the total return of the [Employees Retirement] Fund in a prudent fashion." In addition, according to Ms. Murphy, the alternative to hiring a Security Analyst, at an annual salary at the top step of $68,043, would be to contract with more expensive external investment consultants (see Attachment II).

2. ERS plans to increase its investments in Real Estate and Alternative Investments by approximately $337 million, for a total of approximately $822 million, over the next three years. Given the growth and complexity of Alternative Investments and Real Estate portfolios, the Budget Analyst believes that ERS has adequately justified the need to supplement the existing Portfolio Manager position with one new 4331 Security Analyst position.

3. The proposed supplemental appropriation should be reduced to reflect an anticipated hiring date of January 2, 1995 rather than December 5, 1994. As such, the supplemental appropriation request should be reduced by $5,200, from $40,395 to $35,195, for permanent salaries, and by $932, from $7,162 to $6,230 (17.7 percent of salary), for fringe benefits in order to reflect 13.5 pay periods (from January 1, 1995 through June 30, 1995) instead of 15.5 pay periods (from December 5, 1994 through June 30, 1995). Thus, the total recommended reduction is $6,132, or from $47,557 to $41,425.

4. Because the proposed new position was the subject of previous budgetary denial, the approval of this new position would require a two-thirds approval by the Board of Supervisors.

Recommendations:

1. Amend the proposed supplemental appropriation ordinance (File 101-94-32) by reducing the requested amount by $6,132, from $47,557 to $41,425, to reflect 13.5 pay periods instead of 15.5 pay periods, in accordance with Comment No. 4 above.

2. Approve the proposed supplemental appropriation ordinance (File 101-94-32), as amended.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. Approve the proposed amendment to the Annual Salary Ordinance (File 102-94-5) to reflect the addition of one new 4331 Security Analyst position.

Attachment I

Investment Managers and Investment Services providers.

INVESTMENT MANAGERS	1994-95 BUDGET
Axe-Houghton Associates	125,000
Capital Guardian Trust	1,100,000
Brinson Partners	1,250,000
Hanson Investment	575,000
MacKay shield	425,000
McCullough Andrews	440,000
Nicholas Applegate	1,900,000
Oechsle International	800,000
Scudder, Stevens	260,000
Warburg Investment	440,000
TCW Asset Mgt. Co.	1,000,000
RCM Capital	840,000
Dietche & Field	500,000
Ark Asset Management	900,000
Provident Inv. Counsel	450,000
Reserve-add'l allocation and New Manager(s)	400,000
Investment Services	
PEP & Equity Software	0
Barra	35,000
Callan & Associates	150,000
Bankers' Trust - Custodial Serv.	1,600,000
The Townsend Group	120,000
Lewis Bailey	175,000
Computer Software	5,000
Other Investment & Legal Serv.	80,000
EEI	750
Total Professional & Spec Svc.	$13,570,750

ty and County of San Francisco

San Francisco City and County
Employees' Retirement System
Office of The General Manager

MEMORANDUM

December 2, 1994

To: Karen Kegg
Budget Analyst Office

From: Clare M. Murphy
General Manager

Subject: **Investment Performance of Alternative Investment and Real Estate Portfolios**

As requested, the Retirement System staff has researched the rates of return for the five-year period ended June 30, 1994 for the Alternative Investment portfolio and the Real Estate portfolio.

The Alternative Investment portfolio has produced an internal rate of return of 12.1% over the five years ending June 30, 1994. Please find attached excerpts of the report of our alternative investment consultant Cambridge Associates.

The Real Estate portfolio has produced 2.2% annualized rate of return for the five years ending June 30, 1994. Please find attached excerpts of the report from our alternative investment consultant, the Townsend Group.

A comparative chart of expected rates of return for the various capital market for the next five years is also attached. This chart is prepared by Brinson Partners, an investment management firm which provides projections and investment management services to the Retirement System.

The proposed 4331 Security Analyst position performs duties at the direction of and under the supervision of the Portfolio Manager for Real Estate and Alternative Investments. Specific duties include:

1. Performs difficult and complex research work involving knowledge of the capital markets, various alternative investments and real estate.

2. Reviews offering documents from prospective investment managers; develops a list of best opportunities upon which to focus research efforts.

3. Performs due diligence analysis on selected investments; prepares investment recommendations and performance reports.

4. Monitors investment progress of alternative investment limited partnerships and real estate managers.

5. Monitors all cash flows with partnerships and managers, including capital calls and distributions.

6. Measures performance of contract investment manager based on acceptable formula and recommendations to the Chief Investments or Portfolio Manager as assigned.

7. Communicates verbally and in writing to superiors and the Retirement Board concerning investment action recommendations on real estate and alternative investment; indicates the portfolio implications of these recommendations in regard to determination of asset allocation.

8. Establishes contact with company representatives and outside consultants to secure financial data and evaluations on alternative investment and real estate review.

9. Evaluates alternative investment and real estate values and recommends purchase and sale transactions to Portfolio Manager; upon approval executes transactions on most advantageous terms.

10. Utilizes specialized investment software to access departmental data sources and analyses the information.

This position will significantly improve the Retirement System's ability to enhance the total return of the fund in a prudent fashion. An alternative to this requested position at salary rates of $26.81 to $32.45 per hour is the employment of several external consultants expert in such diverse fields as oil and gas, real estate and venture capital. Such consultants routinely charge $125 to $450 per hour. Filling this position provides the System with a professional investment team dedicated to San Francisco's real estate and alternative investment portfolios and increases the Fund's capacity to efficiently invest the projected $400 million targeted for investment over the next two years.

OVERVIEW

The purpose of this report is to review the status of the City and County of San Francisco Retirement System's alternative
: program through June 30, 1994. The report provides a framework for a description and evaluation of the System's
mitments to venture capital, special investments and hard assets (oil and gas), in terms of exposure, performance, and funding
s.

In summary, we observe that:

The System has invested $145.9 million in various alternative assets: $56.9 million in venture capital, $62.3 million in special investments, and $26.7 million in oil and gas funds.

Total commitments, including funds committed but not "taken down" (i.e., invested), as of June 30, 1994 are $347.05 million: $104.5 million in venture capital, $190.0 million in special investments and $52.5 million in oil and gas funds. (A $10.0 million commitment to Grotech IV since June, 1994 is not included in this aggregate number.)

The performance of these funds has been good with an overall return of 12.1%, up from 11.78% at December, 1993. As previously noted, this portfolio is young and has only begun to produce returns.

Further discussion on each of the San Francisco Retirement System's alternative asset investments follows.

Co./Dept.	Co
Phone #	Phone #
Fax # 752-0461	Fax #

City and County of San Francisco Employees' Retirement System
Performance Measurement Report Summary
Second Quarter 1994

This is the Performance Measurement Report Summary for the City and County of San Francisco Employees' Retirement System ("SFERS") real estate investment portfolio (the "Portfolio") for the Second Quarter 1994 (the "Quarter"). It highlights the performance of SFERS investments at both the portfolio level and the investment level, providing comparisons with data from the Russell-NCREIF Index and the Townsend Universe Database ("TUD").

There is a new reporting format for the Performance Measurement Report. Exhibit 1 provides a brief overview of the new report format.

Complete performance data for all SFERS real estate investments is set forth in the more detailed format attached to this report summary.

I. PERFORMANCE AT THE PORTFOLIO LEVEL

Performance data is provided for the Quarter, the rolling twelve months ending with the Quarter (the "Year") and the rolling five years ending with the Quarter ("5 Year").

Portfolio Returns. Set forth below are the income, appreciation, gross and net returns for the Portfolio. The gross return, comprised of income and appreciation returns, is the total return to SFERS before investment manager/advisor fees. The net return is the return to the SFERS net of investment manager/advisor fees.

	Quarter	Year	5 Year
Income Return	2.1%	8.0%	6.5%
Appreciation Return	-0.5%	-0.6%	-4.0%
Gross Return	1.6%	7.4%	2.2%
Net Return	1.4%	6.6%	1.4%

Expected Returns For a U.S. Dollar Based Investor
Five-Year Horizon Annualized

Asset Class Indices:	Expected Return
Global Equities MSCI World Equity Index	
Unhedged	1.47%
Dollar Hedged	4.26
U.S. Equity	
Wilshire 5000/Russell 3000	6.70
S&P 500	6.33
Intermediate Capitalization	6.98
Small Capitalization	9.95
Non-U.S. Equities MSCI Non-U.S. Equity Index	
Unhedged	-1.31
Japan Unhedged Equities	-1.69
All Other Unhedged Equities	-1.00
Dollar Hedged	3.07
Japan Hedged Equities	4.62
All Other Hedged Equities	1.84
Global Bonds Salomon World Gov't. Bond Index	
Unhedged	4.92
Dollar Hedged	7.42
U.S. Bonds	
Salomon Broad Investment Grade Bond Index	7.81
Salomon Treasury Index	7.43
Long-Term U.S. Gov't. Bonds	7.95
International Dollar Bonds	7.79
Non-U.S. Bonds Salomon Non-U.S. Gov't. Bond Index	
Unhedged	3.43
Japan Unhedged Bonds	-0.76
All Other Unhedged Bonds	5.30
Dollar Hedged	7.41
Japan Hedged Bonds	5.49
All Other Hedged Bonds	8.27
U.S. High Yield Bonds	
First Boston High Yield Index	9.09
Venture Capital	
Brinson Partners' Performance Indicator	13.44
U.S. Real Estate	
Russell-NCREIF Property Index	8.50
U.S. Cash Equivalents	
30-Day Treasury Bill (Bond Equivalent)	5.32

Item 11 - File 82-94-9

Note: This item was continued by the Budget Committee at its meeting of November 30, 1994.

Department: Department of Public Works
Real Estate Department

Item: Resolution authorizing the City to acquire on behalf of the Department of Public Works the permanent sewer easement known as 1CT 10B through a portion of the real property identified as Assessor's Parcel No. 4347B/4 and adopting findings pursuant to City Planning Code Section 101.1.

Amount: $18,040

Source of Funds: 1991 Sewer Revenue Bond Funds

Description: The Real Estate Department reports that the Department of Public Works (DPW) is proposing to acquire a permanent sewer easement in connection with the Islais Creek Transport/Storage Project. The Islais Creek Project provides for the construction of underground sewer box facilities to capture, store, and transport wet weather overflows from the City's sewer system. The Project site is located near Islais Creek between Army and Napoleon Streets.

The easement would provide the DPW with access to 3,280 square feet owned by the State Department of Transportation. This easement would be used for the placement, construction and maintenance of that portion of the sewer box structure which is at the end of Napoleon Street. According to the Real Estate Department, the State would be paid $18,040 for this permanent sewer easement.

Comments:

1. The Real Estate Department reports that the $18,040 to be paid to the State Department of Transportation represents the fair market value for this permanent sewer easement.

2. The Department of City Planning has determined that the acquisition of this permanent sewer easement is in conformity with the Master Plan and is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

Recommendation: Approve the proposed resolution.

Item 12 - File 172-94-44

Note: This item was continued by the Budget Committee at its meeting of November 30, 1994.

Department: Chief Administrative Officer

Item: Resolution approving the form of, and authorizing the execution and delivery of, a Forward Purchase and Sale Agreement; and authorizing other actions related thereto.

Description: The proposed resolution would authorize the Chief Administrative Officer (CAO) to execute a contract known as a *Forward Purchase and Sale Agreement*, under which the City would; a) receive a one-time payment from a securities dealer, b) agree in exchange to purchase U.S. Treasury Bills from that securities dealer over a period of 7 to 10 years as an investment of the monies that the City deposits for the purpose of making debt service payments on certain Sewer Revenue Bonds, and, c) use this investment in Treasury Bills to make the payments due to the Sewer Revenue bondholders. The upfront payment from the securities dealer would be deposited in the Clean Water Program's Rate Stabilization Fund, and used to offset a portion of sewer service charge rate increases over the next three years.

The City currently has $511,995,000 in outstanding Sewer Revenue Bonds, Series 1991, 1992, and 1994 for the Clean Water Program. Under the original terms of these bonds, principal and interest payments are made in installments throughout the year as much as 11 months prior to the time that semi-annual payments are actually due to the bondholders.

During the time that the monies are on deposit, but payments are not yet due to bondholders, the monies are held by the Bank of America, acting as the City's Fiscal Agent, and are invested by the Bank of America in instruments that are approved by the City. The Bank of America's current practice, as approved by the City, has been to invest these monies in a money market fund. The yield on money market funds is now approximately 5 percent, and has averaged well under 4 percent for the past few years.

According to research by the CAO, the total fund balance that will be deposited by the City for payments on these Sewer Revenue Bonds over the next ten years, if held in short-term investments such as money market funds, would be expected to earn an average of 5 percent interest, yielding total earnings of

approximately $8.75 million over ten years. Discounted for inflation and other factors, that $8.75 million is worth approximately $5.5 million in 1994 dollars.

If the total fund balance that will be deposited by the City over the next ten years were held in longer-term investments, it could be expected to earn an average of 8 percent interest, yielding total earnings of approximately $14 million over ten years. Discounted for inflation and other factors, that $14 million is worth approximately $8.8 million in 1994 dollars. Therefore, with this investment the City will earn an estimated $3.3 million more ($8.8 million less $5.5 million) than if the funds were left in the current investment instruments.

In effect, the Forward Purchase and Sale Agreement will allow the City to use the certainty of its planned, regular debt service payments to take advantage of the higher interest rates which are available on long term investments, even though the funds are in fact held for the short-term, or until semi-annual payments are made to bondholders.

Specifically, the contract authorized by the proposed resolution would work as follows:

a) Following a competitive bid process, the City would select a securities dealer who offers the highest upfront payment to the City in exchange for the right to sell short-term U.S. Treasury Bills to the City over the 7 to 10 year period of the contract. According to Ms. Laura Wagner-Lockwood, Director of Public Finance at the CAO's Office, the upfront payment to the City is estimated to range between $8 and $10 million. This payment represents an amount in 1994 dollars approximating what the City could earn by investing its debt service funds at 8 percent over the next ten years.

b) Over the next 7 to 10 years, the City would use its monthly debt service payments, during the period when payments are not yet due to bondholders, to purchase the short-term U.S. Treasury Bills from the securities dealer. The T-Bills will be purchased at face value for the amount of the City's debt service payments, with maturity dates just prior to the date that payments are due to bondholders.

c) The Bank of America, as Fiscal Agent for the Sewer Bonds, would hold the U.S. Treasury Bills to maturity on behalf of the City, and make the semi-annual payments to bondholders.

d) The upfront payment paid by the securities dealer to the City will be deposited in the Clean Water Program's Rate Stabilization Fund, and used to offset a portion of projected sewer service charge rate increases over the next four to five years (See Comment No. 2).

Budget:

The proposed contract provides for the following expenses to pay for administrative and professional services associated with this transaction. The proposed budget is:

Office of the CAO 225 hours @ $40-$65/hr.	$10,000
City Attorney 100 hours @ $80-$100/hr.	10,000
Bond Counsel (Orrick Herrington, Sutcliffe) flat fee	35,000
Total	**$55,000**

Comments:

1. Under a Forward Purchase and Sale Agreement, the City will be protected both by having a fixed purchase price for the T-Bills, eliminating fluctuations due to changing interest rates, and by the inherent security of its debt service funds being invested in T-Bills. The proposed Forward Purchase and Sale Agreement also provides that if the securities dealer is unable to deliver the T-Bills planned for purchase by the City, the contract may be terminated, and the City keeps the full amount of the upfront payment specified in the contract. Under this proposed contract, there is no risk to the City's debt service funds, or to its bond rating.

2. The upfront payment to the City from the selected securities dealer of an estimated $8 to $10 million under this contract would be deposited in the Clean Water Program's Rate Stabilization Fund. The Rate Stabilization Fund is an Enterprise Fund that is invested by the City Treasurer. The deposit of $8 to $10 million would slightly offset future sewer service rate increases, according to Mr. Bob Hesse of the Department of Public Works (DPW) Finance Division. The DPW's current estimate of the proposed increased in residential sewer rates is 7.65 percent for next three years. With the deposit of this $8 to $10 million, Mr. Hesse reports that the proposed increase in residential sewer rates would drop to approximately 7.3 percent for the next three years, a decrease of .35 percent. As a result, an average monthly bill for a single family household would drop by $0.06 from approximately $21.61 to approximately $21.55.

3. As noted above, under this proposed contract, the City will increase its income by an estimated $3.3 million as a result of investing the Sewer Service Revenue Bond debt service payments in U.S. Treasury Bonds instead of investing such monies in money market funds.

<u>**BOARD OF SUPERVISORS**</u>
BUDGET ANALYST

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Items 13 and 14 - Files 97-94-56.3 and 101-94-34

Note: This item was continued by the Budget Committee at its meeting of November 30, 1994.

Department: Chief Administrative Officer

Items: **File 97-94-56.3** is an ordinance that would approve the following actions regarding the Courthouse Construction Project:

- delivery of a site lease between the City and County of San Francisco, as lessor, and the City and County of San Francisco Courthouse Corporation, as lessee;
- approval of a lease agreement between the City and County of San Francisco Courthouse Corporation, as lessor, and the City and County of San Francisco, as lessee;
- approval of an assignment agreement by and between the City and County of San Francisco Courthouse Corporation and the trustee named therein and a trust agreement by and between the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation and said trustee (including certain indemnification provisions therein);
- approval of the form of a Certificate Purchase Agreement by and among the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation, the Trustee named in said trust agreement and the underwriters named in said certificate purchase agreement;
- approval of the offer and sale of the Certificates of Participation and the form of the official statement relating to the certificates;
- approval of the form of a Letter of Credit agreement by and among the City and County of San Francisco, the City and County of San Francisco Courthouse Corporation and Morgan Guaranty Trust Company of New York (including certain indemnification provisions therein);
- authorization of the officers of the City and County of San Francisco to obtain credit enhancement, if financially advisable, for the Certificates of Participation and to take other actions necessary or advisable to consummate the execution and delivery of such certificates not to exceed $63,000,000 in aggregate principal amount, to finance said project and the application of the proceeds thereof; and

- ratification of actions previously taken with respect to the certificates of participation.

File 101-94-34 is a proposed ordinance appropriating $2,000,000 of Courthouse Construction Funds for a Capital Improvement Project (i.e. the construction of the new Courthouse) for Fiscal Year 1994-95. This appropriation would be reserved pending the selection of contractors and the sale of the Certificates of Participation.

Amount: The total amount of debt (in the form of Certificates of Participation) that would be authorized for this project would not exceed $63 million. The anticipated actual debt issuance, according to the CAO's current financing plan, is $59,580,000.

The amount of the supplemental appropriation is $2,000,000.

Source of Funds: The Certificates of Participation would be issued and repaid using the Courthouse Construction Fund, which is funded by surcharges to fines and fees charged by Municipal and Superior Court. As of December 1, 1994 the Courthouse Construction Fund has an unappropriated fund balance of $2,551,048. The source of the $2,000,000 is the Courthouse Construction Fund.

Description: The information contained in this report is based on the Amendment of the Whole which will be presented to the Budget Committee at this meeting.

On November 1, 1993 the Board of Supervisors, by Resolution No. 93-877, adopted: 1) an Ordinance amending Chapter 10, Section 10.117-35 of the San Francisco Administrative Code authorizing that payments made in connection with the construction of the new courthouse be paid from the Courthouse Construction Fund (File 97-93-56); 2) a Resolution approving the form of a site lease, lease agreement, assignment agreement and trust agreement between the City and County of San Francisco as the lessor, the City and County of San Francisco Courthouse Corporation as the lessee, and the trustee, to be named in the agreements (File 97-93-56.1); and 3) a Resolution authorizing the incorporation of the City and County of San Francisco Courthouse Corporation (File 97-93-56.2). At that time the Board of Supervisors also authorized the Chief Administrative Officer to develop a finance plan, and ratified certain actions in connection with the proposed acquisition, construction and installation of courthouse facilities and improvements, and authorized the proposed delivery of up to $63 million of certificates of participation to finance such projects.

As approved on November 1, 1993, the site lease and lease agreement do not reference the location of the site for the new courthouse, nor do the agreements reference the lease start date or

lease term. This information was omitted pending the completion of the Environmental Impact Report (EIR), and finalization of the completion date of the new courthouse.

According to Mr. Clyde Cohen, of the Office of the Chief Administrative Officer, the EIR on the preferred site, located at the corner of Polk and McAllister Streets, was completed in June of 1994. The existing structures at the site (at the corner of Polk and McAllister Streets) have been demolished and the area is currently under excavation. The projected completion date for the excavation phase of the courthouse construction project is March of 1995. Mr. Cohen also indicated that the current schedule anticipates that the construction will be completed by March of 1997 with the move-in scheduled three months later in June of 1997. The scheduled construction completion and move-in may change based upon the actual timing of the bidding for the construction phase of the project.

Since the site selection and construction schedule have been finalized, the Office of the Chief Administrative Officer (CAO) is now requesting the approval and delivery of a Site Lease, Lease Agreement, Assignment Agreement and Trust Agreement. These agreements would be approved in substantially the same form in which said agreements are currently on file with the Clerk of the Board of Supervisors. The site lease and lease agreement which would be authorized by this proposed ordinance would contain a description of the site and the term of the lease, respectively.

The Office of the CAO is also requesting that the Board of Supervisors authorize and direct the Mayor to execute the previously cited agreements and that the Clerk of the Board of Supervisors be authorized and directed to attest to this execution. Changes, additions and modifications to the agreements could be made upon approval of the Mayor after consultation with the City Attorney.

As previously stated, actions taken by the Board of Supervisors in November of 1993 authorized the Office of the CAO to develop a finance plan for the acquisition, construction and installation of a new courthouse and related improvements. The San Francisco Courthouse Corporation was incorporated as a non-profit entity and established with the purpose of issuing up to $63 million in Certificates of Participation (COP) to finance the construction of the new courthouse. The COPs, similar to lease revenue bonds, are to be paid off by the City, as lessee, through the City's lease payments to the San Francisco Courthouse Corporation, the lessor. However, the actions taken by the Board of Supervisors in November of 1993 did not authorize the San Francisco Courthouse Corporation to actually issue $63 million in COPs. Authority to issue the $63

million in COPs requires and is contingent upon the approval of this legislation by the Mayor and the Board of Supervisors.

The total estimated project cost for the Courthouse Construction Project is $77,664,869. The estimated cost includes: $64,807,492 for acquisition, demolition, excavation, construction, and furnishing; $11,202,566 for financing interest and a debt service reserve fund; $1,652,459 for delivery date expenses; and $2,352 in additional proceeds. The funding for the total estimated project cost of $77,664,869 would be comprised of $18,084,869 in equity contributions by the City in the form of Pay-As-You-Go (P-A-Y-G) capital funds from the Courthouse Construction Fund and $59,580,000 in proceeds from the sale of COPs. Of the $18,084,869 in equity contributions provided by the City, $16,084,869 has already been appropriated from the Courthouse Construction Fund. The remaining $2,000,000 would be appropriated through actions taken with respect to this legislation.

The financing plan developed by the CAO, which was approved by validation action by the Superior Court of the State of California on December 20, 1993, includes two sources of funding. Proceeds from the sale of the COPs have been estimated at $59,580,000. As such, the proposed ordinance requests approval of the form of a Certificate Purchase Agreement between and among the City, the City and County of San Francisco Courthouse Corporation, the Trustee (named in said trust agreement), and the underwriters (named in said Certificate Purchase Agreement) and the issuance of COPs in an amount not to exceed $63 million. The issuance of the COPs would provide the portion of the funds ($59,580,000) necessary to finance the construction, furnishing and equipping for a municipal courthouse building, including certain financing costs. The remaining funds required to complete the construction project would be provided through appropriations ($18,084,869 in P-A-Y-G) from the Courthouse Construction Fund.

The preliminary structuring of the COPs includes four components. These components are:

COPs Component	Avg. Coupon Rate	Average Life
3 Year Put Bonds	5.750%	3.167 yrs.
Serial Bonds (1999-10)	6.522%	10.391 yrs.
Term Bond (2011-15)	7.050%	18.235 yrs.
Term Bond (2016-21)	7.100%	23.165 yrs.

The components of the financing plan, detailed above have an average life of approximately 13 years and an average coupon rate of approximately 6.85 percent. The average coupon rate is based on current conditions and estimations. Since the sale of the COPs may

not take place until June of 1995, the average coupon rate is subject to change. However, the sale would be structured so that annual debt service payments would not exceed $4.1 million.

The COPs will be secured by a pledge of the General Fund to make annual appropriations of base rental payments to cover debt service. However, the actual source of the repayments would be the Courthouse Construction Fund. The Courthouse Construction Fund is a special revenue fund which receives approximately $4.3 million annually through a $50 surcharge on filing fees for Superior Court cases, a $20 surcharge on filing fees for Municipal Court cases, a $0.01 penalty assessment on parking and traffic fines and a $1.50 surcharge on all parking tickets issued by the City. The special parking ticket surcharge generates $2.2 million and has been structured to extend for 20 years past the issuance of the debt for the Courthouse Construction Project to provide adequate revenue to make debt service payments. After adjusting for interest earnings on the debt service reserve fund, net debt service payments, following the construction period, are estimated at $4.1 million for the first 20 years and $1.95 million for the remaining five years. The courthouse financing and debt service payments have been structured to reflect the cash flow forecasts for the Courthouse Construction Fund and the impact of debt service reserve interest earnings.

As structured, the COPs include capitalized interest through the construction period, and for an additional nine months following the scheduled occupation of the facility. Based on current scheduling the anticipated completion date for the new courthouse is March 1, 1997, with occupation of the building by June 1, 1997. The practice of structuring the COPs to cover capitalized interest payments for a specified length of time past the completion of construction and scheduled occupation of the facility is very common. Structuring the financing in this manner is done to guard against delays in construction or occupancy which may delay the onset of the revenue stream (lease payments) which will be used to make debt service payments. During this time period, revenue would continue to accrue to the Courthouse Construction Fund at the projected rate of $4.3 million annually. All revenue accruing to the Courthouse Construction Fund during the construction period, would be applied to the Courthouse Construction Project.

Approximately $18.6 million has already accumulated in the Courthouse Construction Fund to be used for site acquisition and preparation, design, and construction of the courthouse. Prior to the issuance of the COPs, approximately $14 million of the $18.6 million which has accumulated in the Courthouse Construction Fund will have been expended for pre-construction costs such as project management fees, architectural and engineering services,

property acquisition, hazardous materials and toxic soils abatement, and demolition.

Section 6.302 of the City Charter requires that the Controller certify that the entire $48 million for the construction phase of the project, which is estimated to cost $48,722,632, be on hand and unencumbered to officially certify the construction contract. In order to provide maximum flexibility with regard to the use of the $48 million, which would be part of the Courthouse Construction Fund, the financing has been structured to include approximately $13 million in "put bonds" which are secured by a Letter of Credit. As structured, these bonds would be "put", or sold back to the City on April 1, 1998. At that time, the City has the option of retiring the "put bonds" or remarketing them. As previously stated, these "put bonds" are secured by a Letter of Credit (LOC) provided by Morgan Guaranty Trust. Morgan Guaranty Trust would agree to pay all or any portion of the "put bonds" should the City elect not to retire or remarket such bonds on April 1, 1998 (See Comment No. 2).

As proposed, this ordinance would authorize the Officers of the City and County of San Francisco to obtain credit enhancement, if financially advisable, for the certificates and to take any other actions which are required to execute and deliver the COPs. Insurance and other credit enhancements would be obtained only if obtaining such insurance and credit enhancements would result in a net savings to the City. The proposed ordinance would also ratify actions previously taken with respect to the COPs. These actions include approval of the form of a site lease, lease agreement, assignment agreement and trust agreement, as well as actions taken authorizing the development of the finance plan, filing of a validation action, and ratifying actions in connection with the acquisition, construction and installation of the new courthouse (File 97-93-56.1).

File 101-94-34 is a proposed ordinance requesting the appropriation of $2,000,000 from the Courthouse Construction Fund. If approved, the monies appropriated would be placed in reserve, pending the award of the construction contract for the courthouse and the sale of the Certificates of Participation. Approval of the proposed ordinance would increase the appropriations previously made from the Courthouse Construction Fund to $18,084,869 ($16,084,869 previously appropriated plus $2,000,000).

Comments:

1. Costs for the Courthouse Construction Project have been estimated at $64,807,492, including acquisition, demolition, excavation and construction. According to Mr. Neal Taniguchi, of the Office of the CAO, $16,084,869 of the total Courthouse

Construction Project costs of $64,807,492, has been appropriated in Pay-As-You-Go capital funds from the Courthouse Construction Fund with the remaining $48,722,623 to be financed through the sale of COPs.

Mr. Cohen has indicated that nine contractors have been prequalified for this project and that current scheduling would result in delivering final drawings to the qualified bidders by the first week in April of 1995, receiving bids on the project by mid-May of 1995, and the official certification of the contract and "Notice to Proceed" by the end of May 1995. Mr. Cohen has also indicated that based on estimates taken during design development at 30, 50 and 95 percent completion on the drawings by two independent sources (the Architects estimators and the Construction Manager's estimators) the projected construction budget of $48,722,623 is sound.

Expenditures for Pay-As-You-Go (P-A-Y-G) capital funds from the Courthouse Construction Fund, which have been previously appropriated, are as follows:

Expenditure	Amount
Pre-construction	
Project Management Fee	$280,489
Construction Manager Basic Fees	494,000
Construction Manager Option "A"	1,320,000
Architectural and Engineering Basic Services	4,792,605
Environmental Impact Report	151,234
City Planning Environmental Impact Report Permits	132,147
Real Estate	55,000
Art Commission Enrichment Administration and Construction	250,000
Pioneer Museum Acquisition and Relocation	4,900,000
Asbestos and Hazardous Materials Abatement and Toxics Consultant Fees	1,144,936
Miscellaneous Consultant and Administration Fees	380,608
Demolition	384,878
Tele-computer Installation	14,400
Pre-construction Subtotal	$14,300,297

Expenditure	Amount
Construction	
Construction Contingency	$269,358
Excavation and Shoring	1,515,214
Construction Subtotal	$1,784,572
Total P-A-Y-G Expenditures	**$16,084,869**

The remaining $48,722,623 for the Courthouse Construction Project, which would be funded by the COPs, would be expended as follows:

Expenditure	Amount
Pre-construction	
Project Management Fee	$210,386
Testing and Special Inspections	650,000
Miscellaneous Consultant and Administrative Fees	100,000
Furnishings, Fixtures and Equipment	3,400,000
Tele-computer Installation	1,200,000
Pre-construction Subtotal	$5,560,386
Construction	
Construction Contingency	$2,686,579
Building	40,475,658
Construction Subtotal	$43,162,237
Total Amount to be Funded by COPs	**$48,722,623**
Total Construction Budget	**$64,807,492**

2. According to Ms. Laura Wagner-Lockwood, of the Office of the Chief Administrative Officer, the financing has been structured so that approximately $13 million in bonds can be "put" or sold back to the City on April 1, 1998. The amount of the "put bonds" represents approximately 85 percent of the funds expected to be available in the Courthouse Construction fund at that time. When the bonds are "put", or sold back to the City, the City may choose to use funds in the Courthouse Construction Fund to pay off the bonds, thus reducing the amount of debt outstanding. The City may also choose to remarket all or a portion of the "put bonds" on April 1, 1998. Ms. Wagner-Lockwood has also indicated that based on current

estimates, approximately $14 million would be available from the Courthouse Construction Fund to repay the "put bonds" on April 1, 1998.

3. As stated above, the City may elect not to repay the "put bonds", or may be unable to remarket them on April 1, 1998. Ms. Lockwood indicates that Morgan Guaranty Trust will provide a letter of credit in the amount of the "put bonds" as part of the financing package. Ms. Lockwood states that despite the options available to the City, the City has every intention of retiring the "put bonds" when they are "put", or sold, back to the City. However, changes in the cost of the project or the completion may necessitate using all or a portion of the resources available in the Courthouse Construction Fund.

4. The financing plan includes Delivery Date Expenses totaling $1,652,459. These expenses include: issuance costs ($600,000), underwriter's discount ($387,270), insurance premium ($583,869), and letter of credit fees ($81,320).

5. The financing plan for the Courthouse Construction Project is based on obtaining funds from the sale of COPs and an additional "Equity Contribution" (additional P-A-Y-G funding) from the City. If the proposed ordinance to appropriate an additional $2,000,000 from the Courthouse Construction Fund is approved, the City's equity contribution would total $18,084,869. The request for the supplemental appropriation of $2,000,000 has been included in the financing plan to reduce the amount of financing required and lower the amount of the "put bonds".

The following chart details the sources and uses of funds for the portion of the Courthouse Construction Project which would be financed through the COPs. Included are costs for the actual construction of the facility, capitalized interest and debt service reserve fund and delivery date expenses. ($16,084,869 in previously appropriated P-A-Y-G funding has not been included in this chart as it does not directly impact the financing plan)

Source of Funds	Amount
COPs Proceeds (Par Amount)	$59,580,000
Additional City Equity Contribution from the Courthouse Construction Fund (subject to this report)	2,000,000
Total	**$61,580,000**

BOARD OF SUPERVISORS
BUDGET ANALYST

Uses of Funds		Amount
Project Fund Deposits		
Construction Fund (gross funded)		$48,722,623
Other Fund Deposits		
Capitalized Interest	6,048,911	
Maximum Annual Debt Service Reserve Fund	5,153,655	
Subtotal		$11,202,566
Delivery Date Expenses		
Cost of Issuance	$600,000	
Underwriter's Discount	387,270	
Insurance Premium	583,869	
Letter of Credit Fees	81,320	
Subtotal		$1,652,459
Other Uses of Funds		
Additional Proceeds		2,352
Total		**$61,580,000**

6. Contractors who have already been pre-qualified for this project are scheduled to receive the final drawings by the first week in April of 1995. Based on this timing, the CAO anticipates awarding the bid to the lowest bidder for the construction of the courthouse by mid-May. After the award of the bid, and the 10 day bid protest period has elapsed, the Official Statement (OS) will be distributed. These events have been scheduled in a manner that will ensure that the COP issue is sized properly. Due to the requirement that all funds be available to award the construction contract, official certification of the contract will take place after the sale of the COPs.

7. Ms. Diana Fitzpatrick, of the City Attorney's Office, states that actions previously taken with respect to the COPs are the approval of the form of a site lease, lease agreement, assignment agreement and trust agreement, as well as actions taken authorizing the development of the finance plan, filing of a validation action and ratifying action in connection with the acquisition, construction and installation of the new courthouse (File 97-93-56.1). Approval of this proposed ordinance would ratify such actions previously taken.

Summary: These proposed ordinances (File 97-94-56.3) and (File 101-94-34) request approval of the delivery of a site lease, lease agreement, assignment agreement and trust agreement related to the

Courthouse Construction Project, and the appropriation of $2,000,000 from tne Courthouse Construction Fund. The previously cited agreements were approved in form by the Board of Supervisors at its meeting of November 1, 1993 (Files 97-93-56, 56.1, and 56.2). As authorized by the Board of Supervisors in that same meeting, the Office of the CAO has developed a financing plan and obtained validation for that plan from the Superior Court of the State of California.

This legislation also requests approval of: the form of a Certificate Purchase Agreement to sell Certificates of Participation; the offer and sale of Certificates of Participation, in the amount of up to $63 million; the form of the Official Statement relating to the sale of such certificates; the form of a letter of credit agreement; the authorization to seek credit enhancements as required to execute the COPs; and the ratification of all actions previously taken with regard to the COPs. The proposed ordinance further requests a $2 million appropriation from the Courthouse Construction Fund which would increase the City's equity contribution thereby lowering the amount of financing required for this project (File 101-94-34).

If approved, the financing plan would provide $59,580,000 through the sale of Certificates of Participation. Proceeds from the sale would finance construction costs estimated at $48,722,623, capitalized interest and debt service reserve fund costs of $11,202,566, delivery date expenses of $1,652,459, and additional proceeds of $2,352. As proposed the financing plan contains a three year "put bond" which would be sold back to the City on April 1, 1998. At that time the City could exercise the option to retire approximately $13,000,000 of the outstanding debt, or remarket the bonds. The "put bonds" would be secured by a letter of credit from Morgan Guaranty Trust should the City elect not to exercise either of these options.

The total of the items to be financed equals $61,580,000. If the proposed ordinance to appropriate an additional $2,000,000 from the Courthouse Construction Fund is not approved, the amount of the COPs would have to increase from $59,580,000 to $61,580,000 to cover the full $61,580,000. However, if interest rates are too high to allow the City to increase the COPs by $2,000,000 and maintain annual debt service payments at or below the maximum $4.1 million, the project would be scaled back accordingly.

Debt service on this project, which would be financed over a 25 year period, is estimated not to exceed $4.1 million for the first 20 years, and $1.95 million for the last five years. The average coupon rate on the COPs has been estimated at 6.85 percent, based on current

conditions, and the average life has been calculated at approximately 13 years.

As of the writing of this report, the Budget Analyst has been informed that construction bids for this project are expected by mid-May of 1995 with certification and award of the contract, with a notice to proceed with construction by the end of May 1995.

The information contained in this report is based on the Amendment of the Whole which is being presented at this meeting.

Recommendation: 1. Based on the prior policy decisions of the Board of Supervisors to proceed with the Courthouse Construction Project, approve the proposed ordinance (File 97-94-56.3).

2. Approve the proposed ordinance which appropriates and reserves $2,000,000 of Courthouse Construction Funds, pending the selection of contractors for the construction of the courthouse, submission of the MBE/WBE status of the contractors and contract cost details by the department, and the sale of Certificates of Participation to finance the project (File 101-94-34).

Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

FULL CALENDAR

BUDGET COMMITTEE ... ACTION TAKEN
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO

WEDNESDAY, DECEMBER 14, 1994 - 1:00 P.M. ROOM 228, CITY HALL

PRESENT: SUPERVISORS HSIEH, ALIOTO, BIERMAN

ABSENT: SUPERVISOR ALIOTO FOR ITEMS 7 - 15
SUPERVISOR BIERMAN 5.

CLERK: MARY L. RED

1. File 100-94-16. [Status of Overtime Budgets] Hearing to consider the status of departmental overtime budgets and any projected deficit. (Supervisor Hsieh)

ACTION: Hearing held. Consideration continued to call of the chair.

2. File 100-94-17. [Status of San Francisco Municipal Railway Budget] Hearing to consider the status of the budget for the San Francisco Municipal Railway (MUNI). (Supervisor Hsieh)

ACTION: Hearing held. Consideration continued to call of the chair.

3. File 100-94-18. [Status of Department of Public Health Budget] Hearing to consider the status of the budget for the Department of Public Health. (Supervisor Hsieh)

ACTION: Hearing held. Consideration continued to call of the chair.

4. File 100-94-19. [Anticipated Supplemental Requests] Hearing to consider anticipated Supplemental Requests from various departments and the Mayor's recommendation concerning these requests. (Supervisor Hsieh)

ACTION: Hearing held. Consideration continued to call of the chair.

5. File 172-94-45. [Contract, DPH, Coopers & Lybrand LLP) Resolution authorizing the contract between the City and County of San Francisco Department of Public Health and Coopers & Lybrand LLP to provide project management and implementation assistance of a Healthcare Management Information System. (Department of Public Health)
(Continued from 12/7)

ACTION: Tabled at request of Department. (Supervisor Bierman absent)

6. File 101-94-33.1. [Appropriation, District Attorney] Ordinance appropriating $496,889 from the General Fund Reserve for salaries and fringe benefits to address underfunding in the District Attorney's Office for fiscal year 1994-95; providing for ratification of action previously taken; subject of previous budgetary denial. (Supervisor Alioto)
(Continued from 11/30)

ACTION: Hearing held. Recommended to Board "WITHOUT RECOMMENDATION". Supervisor Hsieh dissenting.

7. File 101-94-36. [Appropriations, Sheriff, DA & Adult Probation] Ordinance appropriating and rescinding $419,709 from the Sheriff and appropriating $262,000 of jail overcrowding fine and $151,189 from the General Fund Reserve to the District Attorney, Sheriff and Adult Probation Departments for salaries, fringe benefits, other non-personal services and lease purchase of equipment and creating eleven position for implementation of programs to minimize jail overcrowding for fiscal year 1994-95; placing $262,000 on reserve; companion measure to File 102-94-6. RO #94121 (Supervisor Alioto)

ACTION: Amendment of the Whole (reflecting Budget Analyst recommendations) adopted. New title: "Ordinance appropriating and rescinding $419,709 from the Sheriff and appropriating $252,764 of jail overcrowding fine and $142,481 from the General Fund Reserve to the District Attorney, Sheriff and Adult Probation Departments for salaries, fringe benefits, other non-personal services and lease purchase of equipment and creating eleven positions for implementation of programs to minimize jail overcrowding for fiscal year 1994-95; placing $252,764 on reserve." RECOMMENDED AS AMENDED. Supervisor Alioto added as sponsor. (Supervisor Alioto absent)

8. File 102-94-6. [Sheriff, District Attorney, Adult Probation, ASO] Ordinance amending Annual Salary Ordinance, 1994-95, Sheriff, District Attorney and Adult Probation Departments, reflecting the addition of eleven positions (Classifications 8302 Deputy Sheriff I (3), 8274 Police Cadet (4), 8182 Head Attorney (1), 8178 Senior Attorney, 8442 Senior Probation Officer (1), and 1432 Senior Transcriber Typist (1) designed to reduce jail overcrowding; companion measure to File 101-94-36. (Supervisor Alioto)

ACTION: RECOMMENDED. Supervisor Alioto added as sponsor. (Supervisor Alioto absent)

9. File 101-94-37. [Appropriation, SFUSD, $32,161,000] Ordinance appropriating $32,161,000, San Francisco Unified School District, of school bond proceeds and interest earnings for capital improvements to various school facilities for fiscal year 1994-95. RO #94113 (Supervisor Alioto)

ACTION: RECOMMENDED. Supervisor Alioto added as sponsor. (Supervisor Alioto absent)

10. File 84-94-4. [Property Acquisition, 700 Pennsylvania Avenue] Resolution authorizing the acquisition of Lot 10 in Assessor's Block 4167 (700 Pennsylvania Avenue) for a Municipal Railway Maintenance facility and adopting findings pursuant to City Planning Code Section 101.1. (Real Estate Department)

ACTION: RECOMMENDED. Supervisor Alioto absent.

11. File 79-93-2.4. [Release Reserve Funds, Community Development] Hearing requesting release of reserved funds, Mayor's Office of Community Development, in the amount of $71,250, for environmental review services. (Mayor's Office of Community Development)

ACTION: Release of reserved funds in the amount of $71,250 was approved. FILED. (Supervisor Alioto absent)

12. <u>File 176-94-10.1</u>. [Newspaper Strike, Police Presence] Hearing to consider the allocation of San Francisco Police Department resources and the level of uniformed officer presence at facilities being picketed during the San Francisco newspaper strike, including the costs to the City and County of San Francisco of the allocation of said resources. (Supervisors Hallinan, Shelley)

ACTION: Continued to call of the chair at request of Supervisor Hallinan. (Supervisor Alioto absent)

13. <u>File 101-94-38.</u> [Appropriation, Water Department] Ordinance appropriating and rescinding $673,000 of Water Department operating funds to programmatic project (Pleasanton Property Development Plan) for the Water Department for fiscal year 1994-95; placing $283,500 on reserve. (Supervisor Hsieh)

ACTION: Amended to reduce appropriation by $10,000. <u>New title</u>: "Ordinance appropriating and rescinding $663,000 of Water Department operating funds to programmatic project (Pleasanton Property Development Plan) for the Water Department for fiscal year 1994-95; placing $283,500 on reserve." RECOMMENDED AS AMENDED. (Supervisor Alioto absent)

14. <u>File 101-94-39.</u> [Appropriation, MOCD] Ordinance appropriating $148,445 from the Dispute Resolution Program Fund to allow the Mayor's Office of Community Development to continue contracts for dispute resolution services in 1994-95. (Supervisor Hsieh)

ACTION: Amended to provide for ratification of actions previously taken. <u>New title</u>: "Ordinance appropriating $148,445 from the Dispute Resolution Program Fund to allow the Mayor's Office of Community Development to continue contracts for dispute resolution services in 1994-95; providing for ratification of actions previously taken." RECOMMENDED AS AMENDED. (Supervisor Alioto absent)

15. <u>File 101-94-40.</u> [Appropriation, Fire Department] Ordinance appropriating $10,000,000 of Fire Protection Bond proceeds for capital improvements to various Fire Stations and the 911 Emergency Dispatch Center for the Fire Department for fiscal year 1994-1995. (Supervisors Hsieh, Alioto)

ACTION: Amended to delete 911 capital improvements; place $4,630,882 on reserve, and require any outside contracts to be reviewed by Budget Committee. Amendment of the Whole (reflecting amendments) adopted. <u>New title</u>: "Ordinance appropriating $9,400,000 of Fire Protection Bond proceeds for capital improvements to various Fire Stations for the Fire Department for fiscal year 1994-1995; placing $4,630,882 on reserve. RECOMMENDED AS AMENDED. Supervisor Alioto added as cosponsor. (Supervisor Alioto absent)

CITY AND COUNTY OF SAN FRANCISCO *City Report*

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415)554-7642

December 12, 1994

TO: Budget Committee

FROM: Budget Analyst

SUBJECT: December 14, 1994 Budget Committee Meeting

Item 1 - File 100-94-16

Item: This item is a hearing to consider the status of City departmental overtime budgets and any projected deficit.

Description: As of the writing of this report, the Controller's Office had not completed its analysis of the City departmental overtime budgets. Mr. John Madden of the Controller's Office advises that such analysis is expected to be completed by December 14, 1994.

Comments: 1. On September 15, 1994, the Budget Analyst submitted a report entitled Overtime Expenditures for Calendar Year 1993 and January through June, 1994.

A summary of the findings in that report were as follows:

a. **THE CITY OF SAN FRANCISCO PAYS APPROXIMATELY $62.6 MILLION IN OVERTIME AND HOLIDAY OVERTIME WAGES PER YEAR TO EMPLOYEES IN MORE THAN 40 CITY DEPARTMENTS.**

- Nearly $50 million was spent on overtime wages and almost $13 million on holiday overtime wages in calendar year 1993, for a total of $62.6 million, which represented 5.3% of gross wages (total pre-tax wages, including overtime pay). In the first six months of 1994,

approximately $27.8 million was spent on overtime wages plus an additional $5 million on holiday overtime wages, for a total of over $32.8 million, representing 5% of gross wages. This six month figure represents a projected annual overtime expenditure of approximately $55.5 million for overtime and $10 million for holiday overtime, for a total of over $65.5 million for calendar year 1994. Of this amount, overtime wages of approximately $5.1 million in calendar year 1993 and $3 million in the first six months of 1994 was for Police Special Law Enforcement Services (SLES) and work order funded services. Expenditures for these overtime costs are paid for by third parties (in the case of SLES) and other City departments (such as Muni and the Treasurer's Office).

- In calendar year 1993, 44 of the 59 City departments had overtime expenditures, 6 of which had overtime expenditures in excess of 5% of gross wages. In the first six months of 1994, 41 departments had overtime expenditures, 7 of which had overtime expenditures in excess of 5% of gross wages.

- In calendar year 1993, 4,169 employees in 32 City departments had overtime wages of at least 10% of their gross wages. In the first six months of 1994, 3,993 employees in 27 City departments had overtime wages of at least 10% of their gross wages. 2,950 of these employees (or 74%) are in the Fire Department, Muni or Police Departments.

- In calendar year 1993, 2,820 employees in 26 City departments worked overtime hours in excess of 10% of their regular hours, and in the first six months of 1994, 2,998 employees in 26 City departments worked overtime hours in excess of 10% of their regular hours.

b. MANY CITY EMPLOYEES STILL WORK OVERTIME HOURS IN EXCESS OF 16% OF NON-OVERTIME HOURS, BUT MOST OF THESE EMPLOYEES ARE EXEMPT FROM ADMINISTRATIVE CODE SECTION 18.13 LIMITING PERMISSIBLE OVERTIME.

- The number of employees City-wide who worked overtime hours that represented 16 percent or more of their regularly scheduled hours increased from 1,460 in 1993 to 1,639 in the first six months of 1994. Of these 1,639 employees in 1994, 835 or 51% are Muni Transit Operators, and 491 or 30% are Police Department uniformed Officers.

- In calendar year 1993, 774 employees earned overtime wages that represented 25 percent or more of their gross wages, and for the first six months of 1994, this figure jumped to 896 employees. In calendar year 1993, 405 or 52% of these employees were in Muni, while 213 or 28% were in the Police Department. During the first six months of 1994, 466 or 52% of these 896 employees were in Muni and 258 or 29% were in the Police Department. These employees earned at least one dollar of overtime for every three dollars earned in non-overtime wages.

- The number of employees City-wide who worked overtime hours that represented 25 percent or more of their regularly scheduled hours increased from 509 in 1993 to 676 in the first six months of 1994. Of these 676 employees in 1994, 366 or 54% of these employees are in Muni, while 198 or 29% are in the Police Department. For every four hours these employees work in their regular schedule, they work at least one additional hour of overtime. For employees who work a regularly scheduled eight hour day, this is equivalent to working an average of two hours of overtime each day.

c. **THE MUNI, POLICE DEPARTMENT AND FIRE DEPARTMENT SPENDS THE VAST MAJORITY OF CITY OVERTIME DOLLARS.**

- The three City departments with the highest overtime expenditures in calendar 1993 and the first six months of 1994 are Muni Railway, the Police Department, and the Fire Department. The majority of employees earning overtime wages in these three departments are exempt from Administrative Code Section 18.13. The table below shows non-holiday overtime expenditures in each of these three departments for calendar year 1993 and the first six months of 1994, both in dollars and as a percent of total City-wide overtime expenditures.

	Calendar 1993		1994 Through 6/30	
Department	Non-Holiday OT Dollars	% of City OT	Non-Holiday OT Dollars	% of City OT
Fire	$3,846,057	7.8%	$1,480,157	5.3%
Muni	$18,555,055	37.4%	$10,701,510	38.6%
Police	$13,190,304	26.6%	$7,790,540	28.1%
Total	**$35,591,416**	**71.8%**	**$19,972,207**	**71.9%**

- The highest amount of overtime wages paid to a City employee for the first six months of 1994 was $28,330 to a 9163 Transit Operator in the Muni Railway. This employee's non-overtime wages equaled $21,992 for this period, for gross wages totaling $50,322 for the first six months of 1994. If this employee were to work the same amount of overtime and non-overtime wages in the second six months of 1994, this would correspond to $56,660 in overtime wages and $100,644 in total gross wages for calendar year 1994. This employee worked approximately 1,015 overtime hours during the first six months of 1994, or an average of nearly 40 overtime hours per week.

- The second highest amount paid in overtime wages during the first six months of 1994 was $28,030 to an 0380 Inspector in the Investigations Division of the Police Department. This employee's non-overtime wages during this period totaled $31,520 for a total gross wage of $59,550 for the first six months of 1994. If this employee were to continue to work the same amount of overtime and non-overtime hours through the end of 1994, this would correspond to approximately $56,060 in overtime wages and a total of $119,100 in gross wages for calendar year 1994. This employee worked a total of 1,088 non-overtime hours and an additional 677.5 overtime hours during the first six months of 1994, which represents an average of 26 hours of overtime worked per week and a total of 66 hours (overtime plus non-overtime) worked per week for a six-month period.

d. THE SMALL NUMBER OF EMPLOYEES THAT EARN VERY LARGE AMOUNTS OF OVERTIME WAGES POSE SIGNIFICANT COSTS TO THE CITY IN THE FORM OF INCREASED RETIREMENT BENEFITS.

- For Miscellaneous and Muni Transit Operator Tier 1 employees (hired on or before 11/1/76), retirement benefits are based on non-overtime plus overtime wages. For the eight employees (seven Muni Transit Operators and one Water Department Utility Plumber) who earned $20,000 or more in overtime during the first six months of 1994 who are currently eligible for retirement, overtime wages may increase each of these employees' potential retirement benefits by between approximately $10,000 to nearly $25,000 per year, or a total estimated cost of $100,000 to $275,000, on a present value basis, over the expected retirement of each employee.

- If each of these eight employees continued to work the same amount of overtime for the remainder of the year and retired at the end of 1994, *the aggregate cost, on a present value basis, to the City in lifetime retirement benefits due to overtime wages alone would be nearly $1.5 million*, or an additional approximately $134,000 per year above the retirement benefits based on non-overtime wages.

2. Based on the findings contained in the report, the Budget Analyst recommended that:

1). Department managers and the Employee Relations Division evaluate MOUs and more aggressively negotiate terms that affect overtime wages, such as minimum hours for Police Officers for court appearances and nurses called in on standby, limits on the number of part-time or full time positions, or seniority sign-up for voluntary overtime.

2). The Board of Supervisors amend Administrative Code Section 18.13 such that all departments with significant overtime expenditures must provide the Board with a biannual analysis justifying the overtime expenditure and analyzing whether the hiring of additional part-time or full-time employees would be more cost effective than current staffing levels and overtime hours.

3). The Board of Supervisors amend the Administrative Code by adding a section that limits permissible voluntary overtime for Muni Transit Operators to 16% of non-overtime hours. This limit should not pertain to overtime included in regularly scheduled shifts. According to Muni, this amendment to the Administrative Code would change the allocation of overtime hours worked by redistributing overtime work more evenly. Although more senior Transit Operators would still have priority in signing up for additional shifts, once each Transit Operator had worked the permitted 16% in additional hours, less senior Transit Operators would have the opportunity to sign up for overtime shifts.

In the case of the top seven overtime earners currently eligible for retirement, limiting voluntary overtime to 16% of non-overtime hours would save the City nearly $950,000 in lifetime retirement benefits for these seven Transit Operators alone. In addition, a limit on permissible voluntary overtime may lead to a reduction in total overtime expenditures by Muni. This amendment should

include similar language as Section 18.13 regarding exceptions to this overtime limit.

Item 2 - File 100-94-17

Department: Municipal Railway (MUNI)

Item: This item is a hearing to consider the status of the budget for the Municipal Railway.

Description: Attached is a status report on the MUNI's FY 1994-95 budget, as prepared by the MUNI. This report, in summary, states the following:

1. At a meeting of the Public Transportation Commission on November 22, 1994, the MUNI reported a projected budget deficit of approximately $8 million, based on revenue shortfalls of approximately $3.5 million and expenditure overages in excess of budgeted amounts totaling approximately $4.4 million in MUNI's salaries and overtime ($1 million), workers compensation ($1.1 million), claims ($1 million), materials and supplies ($1.1 million) and Substance Abuse Program ($0.2 million) accounts.

2. Since the above-noted November, 1994 Commission meeting, the MUNI continues to project a revenue shortfall of approximately $3.5 million. However, MUNI reports that while a fare increase and service changes do not appear to be necessary to resolve the MUNI's projected FY 1994-95 deficit, MUNI plans to request a supplemental appropriation, in an as yet undetermined amount, for consideration by the Mayor and the Board of Supervisors in early 1995. In that connection the more recent projections of MUNI indicate that the total estimated deficit is less than the previously reported estimated deficit of $8 million.

SAN FRANCISCO MUNICIPAL RAILWAY 949 PRESIDIO AVENUE SAN FRANCISCO, CALIF. 94115 415-673-6864

MEMORANDUM

DATE: December 9, 1994

TO: Members, Public Transportation Commission
Kay Yu, President
James Jefferson, Vice President
Jon Ballesteros, Commissioner
Joan Rummelsburg, Commissioner
Aarlene Chew Wong, Commissioner

THROUGH: Philip H. Adams
Director of Transportation

FROM: Fred Howell, Acting Deputy
Finance, Administration & Personnel

SUBJECT: STATUS OF CURRENT YEAR EXPENDITURES AND REVENUES

At the Commission meeting of November 22, 1994, we reported on a projected deficit for the current fiscal year of approximately $8 million. That deficit comprised revenue shortfalls as well as expenditures in excess of budgeted amounts for items including salaries, overtime, workers compensation, claims and the Substance Abuse Program. We noted that the projections were based upon (a) preliminary analysis of year-to-date financial data, (b) historical under-funding in some of these areas, and (c) the fact that last year's total expenditures were $7 million more than the current year's budget. While we pointed out that supplemental appropriations and fund transfers were provided in previous years, we also noted that prior position reductions and other efficiencies had been implemented to the point that almost any other internal measures may have an adverse impact on service delivery. We cited the need for long-term structural solutions and the difficulties associated with fare increases and service changes.

Since the last meeting we have taken the steps shown below.

1. Continued to analyze additional financial data in greater detail to more clearly pinpoint causes of the identified problem areas, understand their full extent and refine our projections.

2. Conducted meetings with staff members in the Mayor's and Controller's offices to ensure a clear understanding of the problems, measures being taken by Muni to address them, and collaborative ways to achieve acceptable short- and long-term solutions.

Current Year Expndtr. & Rev. Memo
December 9, 1994
Page 2

3. Met with the Chair of the Board's Budget Committee to discuss the nature and dimensions of as well as possible solutions to the problem.

As a result of these activities, we have determined at this time the following:

1. The revenue problem appears to be solid, rather than an aberration, and the projected shortfall will be in excess of $3.5 million.

2. Fare increases and service changes do not seem to be necessary as a part of the solution to the current-year problem. However, these options should be considered in our long-range planning.

3. A supplemental appropriation of an amount to be determined will be processed in early 1995.

4. Muni is implementing several measures to control expenditures and the total deficit now appears to be somewhat less than previously projected.

Further analyses and work with the Mayor's and Controller's staff are expected to yield more definitive numbers in January 1995. We will keep the Commission apprised accordingly.

cc: Supv. Hsieh
E. Harrington
T. Serata
S. Brown-Richardson
K. Gilbert
W. Gerstenberger
F. Nelson
R. Auyang
1994-95 Budget File
Chron

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To Sandy Brown-Richardson	From [illegible]
Co.	Co.
Dept.	Phone # 923 2529
Fax # 252 0461	Fax # 3 2562

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Item 3 - File 100-94-18

Department: Department of Public Health (DPH)

Item: This item is a hearing to consider the status of the Fiscal Year 1994-95 budget for the Department of Public Health.

Description: Attached is a status report on the DPH's FY 1994-95 budget, as prepared by DPH. This report, in summary, states the following:

1. Based on the DPH's first quarter performance, the Department is facing a potential budgetary shortfall, which will require an additional $7.1 million in General Fund monies for FY 1994-95. This potential shortfall is inclusive of the following:

• Department revenues are projected to be $4 million below the amount budgeted by the end of the year.

• DPH's expenditure budget for FY 1994-95 was under-funded by the Mayor by an estimated $1.5 million.

• The Controller's Office has estimated an additional $500,000 cost to the DPH to fund the Nurses MOU in FY 1994-95, which has yet to be presented to the Board of Supervisors for ratification.

• Additional General Fund support in the amount of $1.1 million is needed for (1) the Center for Special Problems ($400,000 to fully fund all programs), (2) DPH Forensic Services ($350,000), and (3) Public Health Nursing ($350,000).

Note: As discussed in our report in Item 4, File 100-94-19, concerning pending supplemental appropriations, the Mayor is recommending $220,000 for the Center for Special Problems in order to fund the current level of services for the remainder of the 1994-95 Fiscal Year.

2. The DPH will be submitting supplemental appropriation requests totaling approximately $4.86 million which will be supported through increased revenues or the Public Health Reserve established by the Controller (see Item 4, File 100-94-19). These supplemental appropriations will be used for start-up costs for (1) the Mental Health Rehabilitation Facility ($2,260,310), (2) the Psychiatric Emergency Safety Plan and the Medical Emergency High User Project ($2,482,853) and (3)

the San Francisco Medi-Cal Managed Care Local Initiative ($125,000).

3. Additionally, the DPH has not yet identified sufficient funding to pay for a estimated budgetary shortfall of $1.66 million for the DPH's Community Substance Abuse Services, for the period January 15, 1995 through June 30, 1995. These services were previously funded by the Asset Seizure Forfeiture grant. The Asset Seizure Forfeiture grant monies expired June 30, 1994. Of the $1.66 million needed to support these services for the six month period ending June 30, 1995, the DPH has thus far identified a total of approximately $901,058, leaving a funding gap of $758,942. The $901,058 includes (1) $151,058 from the General Fund, (2) $500,000 from a one time State grant and (3) $250,000 from a Federal grant.

Comment: Of the financial issues detailed in the Director of Health's report to the Budget Committee, the following have also been included in the Mayor's list of pending supplemental appropriations (see Item 4, File 100-94-19):

Mental Health - "R" Facility	$ 2,260,000
Substance Abuse	152,000
Forensics Nurses	350,000
Medi-Cal Managed Care	125,000
Nursing MOU	To be Determined*
Center for Special Problems	220,000

* The Mayor's Office has indicated that the amount for the Nurses MOU is "to be determined". The Director of Health estimates that the cost will be $500,000 for 1994-95.

Sandra R. Hernández, M.D.
Director of Health

TO: Chairman Tom Hsieh, President Angela Alioto and Budget Committee Members
Board of Supervisors

FROM: Sandra R. Hernández, M.D. /SRH
Director of Health

SUBJECT: DPH 1994-95 Interim Budget Status Report

DATE: December 14, 1994

Pursuant to our agreement, the Department of Public Health would like to present you with a status report on the Department's budget. The following report reflects a fiscal analysis conducted by the Department summarizing the 1994-95 budget as of first quarter data. Although we have projected year-end estimates based on performance to date, it is prudent to note that this report represents preliminary conclusions at this point in the year. It is difficult to predict how changes in the State and Federal legislature will affect the Department. There is talk of the 104th Congress rescinding some bills that were passed in the previous congressional session. At this time we are unable to forecast what impact this might have on budget appropriations allocated for 1994-95 funding for the Department.

Based on first quarter performance, the Department of Public Health is facing a potential shortfall, to which it will need additional general fund dollars in the amount of **$7.1 million** for FY 1994-95. This short fall is inclusive of the following:

- Revenues are projected to be $4 million below budgeted by the end of the year.
- DPH's expenditure budget as approved for FY 1994-95 by the City and County was under-funded $1.5 million.
- The Controllers Office has estimated an additional $500,000 cost to the Department to fund the Nurses MOU in 1994-95 which has yet to be presented to the Board for ratification.
- Additional general fund support in the amount of $1.1 million to continue services at the Center for Special Problems, ($400,000,) Forensic Services, ($350,000) and Public Health Nursing, ($350,000.)

In addition, the Department will be forwarding to the Budget Committee supplemental appropriation requests totaling $4.86 million. The supplementals will **not** require additional general fund dollars and will be completely supported through increased revenue to cover corresponding expenditures. The supplementals will be used for start-up costs for the Mental Health Rehabilitation Facility, the Psychiatric Emergency Safety Plan and Medical Emergency High User Project, and the San Francisco Medi-Cal Managed Care Local Initiative

Closing the State Revenue Shortfall -- $1.5 Million Gap

In an effort to address the State revenue shortfall, the Department's budget was adjusted by $1.5 million to help close the gap. Community Mental Health Services budget was modified to include $500,000 in undetailed expenditure reductions which were not identified. One million dollars in unidentified revenues were also placed in San Francisco General Hospital's budget. This represents a total of $1.5 million unidentified revenue gains and expenditure reductions for the Department. In the event that we are unable to identify additional revenues, and if additional general fund dollars are not allocated to the Department, we will be faced with the difficult task of reducing services within SFGH and DMSF to stay within budget.

Revenue Shortfalls: - $4 Million

In light of dwindling resources, the DPH has diligently pursued new revenue enhancements to help fund Department programs. In total, approximately $32 million in new revenues were projected. However, due to the following circumstances the Department will face a total shortfall of $4 million from its revenue targets for FY 1994-95:

- MAC/SB 910 - $2 million

The Federal government has notified the State Department of Health Services that payment of California's Medical Administration Claims (MAC/SB 910) have been suspended pending an audit of these funds. This delay in payment may jeopardize nearly $15 million in MAC/SB 910 revenues budgeted. In analyzing our actual claims we believe that SFGH will not be eligible for $2 million in MAC/SB 910 revenues in FY 1994-95.

- Laguna Honda Hospital - $2 million

The Department is optimistic that the consulting firm of Deloitte and Touche will be successful in identifying and obtaining new revenues for DPH. However, due to prolonged negotiations that this contract required, timelines for realizing new revenues in this fiscal year may not be materialized. As a result, the Department estimates that up to $2 million of revenues projected for FY 94-95 for Laguna Honda Hospital may not be realized.

General Fund Supplemental Needs - $2.1 Million

- Nursing MOU - $500,000

The 1994-95 SEIU Nurses Agreement requires that the City, effective January 1, 1995, pick up a 1% increase in nurses retirement. The Controller's Office and the Mayor's budget staff are in the process of determining the exact cost of this obligation. It is estimated that it may cost DPH as much as $500,000 department-wide to fund this requirement.

During the budget process, in anticipation of salary and benefit increases for FY 1994-95 the Department was asked, and did set-aside, $9.4 million. However, at this point, it is our understanding that this set-aside is not available to the Department to fund the Nurses MOU. Therefore, the Department will be required to request additional general fund dollars to meet this expenditure requirement.

The Committee should be aware that any labor agreement which have not been ratified by the Board which obliges the Department expenditures in current fiscal year fiscal year, are not appropriated in our budget currently. We do not believe these will be of major financial consequence at this time.

- Center for Special Problems - $400,000 (Department is finalizing supplemental request)

Funding for offender services at the Center for Special Problems were initially eliminated in the proposed 1994-95 budget. The Board of Supervisors restored six-months funding for this program through a re-appropriation of general funds from the Police Department to DMSF. Additional funds are required to continue offender services from January 1995 to June 1995. At the request of this committee, the Department is in the process of preparing a supplemental request, as directed by the Budget Committee. No lay-off notices have been released pending the approval of this general fund supplemental request. The Mayor's Office has requested the Department amend the supplemental to $220,000 which would allow us to continue the program through fiscal year with existing staff intact but would not allow us to fill existing vacancies in the program. Given the magnitude of the funding deficits, the Department believes this is a reasonable request.

- Public Health Nurses - $350,000 (supplemental request not yet developed by the Department)

To meet our budget target, the Department proposed eliminating 6.5 Public Health Nursing positions in the 1994-95 budget. However, according to an agreement between the Mayor's Office and SEIU (separate from the Nursing MOU agreement), these positions were to be restored. These positions are not funded and the Mayor's Office has indicated their disinclination to support a supplemental for the program.

- Forensic Salaries - $350,000 (supplemental request is currently with the Mayor's Office)

In order to comply with federal consent decree mandates and State Title 15 regulations the Department must meet minimum staffing requirements at the jail. All jail health services must be funded by the City and County's general fund since federal law prohibits Medi-Cal reimbursement for health care to incarcerated patients.

The Committee may recall that the Mayor's Office reduced the Department's original $500,000 supplemental request to correct this deficit. The Mayor's Office agreed to fund only $150,000 of the request, leaving a $350,000 deficit to support existing Forensic Services expenditures.

<u>Outstanding Supplemental Needs Not Requiring Additional General Funds</u>

- Mental Health Rehabilitation Facility - $2,260,310 (supplemental request to be forward to the full board for consideration)

The Department has requested, and the Mayor, Controller and Budget Committee of the Board have approved the use of one-time carry forward funds from FY 1993-94 to fund start up costs for the Mental Health Rehabilitation Facility. The Mental Health Rehabilitation Facility is a 185 bed mental health skilled nursing facility on the grounds of the SFGH campus. No general fund dollars are being requested to fund this facility. The Department's unexpended 1993-94 funds will be used to fund equipment, materials and supplies and MIS costs associated with the operation of the facility

- Psychiatric Emergency Safety Plan and the Medical Emergency High User Project - $2,482,853 (supplemental request was forwarded to the Board for calendaring)

Three supplemental appropriation requests will be forwarded to the Board in response to the existing mental health crisis in the City. The three requests should be considered together as a coordinated plan to address the problems in the mental health continuum of care. The requests would increase community based services by providing crisis intervention to prevent clients use of emergency and inpatient care, increase staffing at PES, increase inpatient capacity at psychiatric services at SFGH, and provide enhancements within the community mental health system by linking aftercare services to clients upon discharge from institutional programs. These requests would be totally funded through increases in Medi-Cal and Medicare revenues. No new general fund dollars are requested.

- San Francisco Medi-Cal Managed Care Local Initiative - $125,000 (supplemental request will be considered by the Health Commission on December 20, 1994)

Over the past 18 months the Board of Supervisors has actively participated in the development and planning of the Local Initiative to provide health care services to Medi-Cal beneficiaries under a capitation system. Over a five year period the City and County, with other members of the Local Initiative will contribute funds to capitalize and fund a development/planning project for this health plan. The Department will submit a supplemental appropriation request in the amount of $125,000 to fund a portion of a capitalization project in FY 1994-95. The funds will be used for recruitment of the Chief Executive Officer, necessary Medi-Cal data analysis, legal analysis related to the formation of the Health Authority, and marketing analysis. The Mayor's Office has agreed to allow the Department to use carry forward funds from FY 1993-94 to fund this request. No additional general fund dollars will be necessary to fund this supplemental appropriation request.

<u>Loss of Grant Funds</u>

- CSAS Asset Seizure Funding Gap

While a number of funding opportunities exist, the Department has not yet identified sufficient funding to meet the $1.66 million required to maintain current drug treatment services supported by the former Asset Seizure Forfeiture grant funds for the period from January through June 1995

The following revenues are available to address the shortfall:

$151,058 - Originally deleted from the $1 million supplemental this fall. A supplemental to restore this cut has been submitted by the Department. This supplemental will enable programs to continue at current service levels until January 15, 1995. (the supplemental is awaiting signature from the Mayor)

$500,000 - A one time grant by DADP to CSAS for homeless services provided by Walden House and the CATS McMillian Center.

$500,000 - This treatment allocation form the Target Cities Project is available via RFP to fund residential and outpatient drug-free treatment programs. Programs formerly funded by Asset Seizure revenues are eligible but results of the competitive RFP process will not be known until late December. A January 15, 1995 start-up date is scheduled for programs awarded contracts. Since the $500,000 is an annual allocation, only $250,000 is available for the FY 1994-95.

In summary, approximately $900,000 is currently available (assuming all Asset Seizure funded programs are successful in bidding the Target Cities RFP) to meet a $1.66 million shortfall, thus leaving an immediate funding gap of approximately $760,000.

On the funding horizon two revenue sources have potential: The Mayor has written to Lee Brown, Director for the Office of National Drug Control Policy, Office of the President, requesting funding consideration to offset the loss of Asset Seizure Funds; and the Federal Crime Bill which, if it survives intact, could provide funding support for substance abuse treatment in FY 1995-96. However, barring any immediate response from the Federal Government these services are immediately (January 15, 1995) at risk for closure.

The Department is prepared to issue an additional general fund supplemental to continue these programs if the Mayor and Board agree that these programs should be continued beyond the January 15th funding cycle.

Conclusion

The Department of Public Health continues to pursue new revenue enhancements while aggressively containing personnel, equipment, and other administrative and operating costs to assist in curtailing its budget shortfall. In addition, DPH salary savings requirement for FY 1994-95 are $24.3 million, which in effect negatively impacts service capacity somewhat randomly within our system. The Department has made it a priority to avoid service cuts as a means of balancing its budget. However, as outlined above the 1994-95 budget as adopted poses a phenomenal challenge to the department's ability to continue providing current services without addressing the critical need for additional general fund appropriations.

The Department would like to thank you for your on-going support of our fiscal and programmatic activities. We understand the difficulty the Board faces in allocating between important competing requirements and requests for the limited local general fund dollars. We remain committed to fiscal responsibility and sound public health policy and leadership during these difficult times in the City and in the healthcare industry.

cc: President Jackson, Health Commission
Sandi Mori, Health Commission
Ed Harrington, Controllers

Item 4 - File 100-94-19

Item: Hearing to consider anticipated supplemental appropriation requests and Mayor's recommendations.

Amount: Pending supplemental appropriations totaling $8,127,000 have been identified to date, with other expected requests being developed by Muni and Public Health (see Item 2, File 100-94-17 and Item 3, File 100-94-18 of this report to the Budget Committee).

Source of Funds: General Fund Reserve

Description: 1. The Mayor's Office has provided the following calculation of the current status of General Fund Reserves:

General Fund Reserve	$ 5,605,938
Additional Revenue 11/16/94	4,400,000
Public Health Reserve *	2,850,000
Total	$12,855,938

* The Public Health Reserve is the result of Mental Health expenditure savings during the 1993-94 budget year which have been set aside for the opening of the new Mental Health Facility at San Francisco General Hospital (i.e. the "R" Facility) during the 1994-95 Fiscal Year.

2. The Mayor's Office has also provided the following list of existing and expected supplemental appropriations and their current status:

Uses	Requests	Recommended by Mayor	Status
District Attorney	$1,650,000	$1,650,000	Board
Sheriff-Operations	690,000	660,000	Board
Sheriff-Jail Overcrowding	150,000	150,000	Board
Muni-Shortfall	To Be Determined (TBD)	TBD	Department
Department of Public Health			
Mental Health - "R" Facility	2,260,000	2,260,000	Mayor
Substance Abuse	152,000	152,000	Mayor
Forensics Nurses	350,000	350,000	Mayor
Medi-Cal Managed Care	125,000	125,000	Department
Nursing MOU	TBD	TBD	Department
Center for Special Problems	220,000	220,000	Department

Uses	Requests	Recommended by Mayor	Status
CAO Retirement	$55,000	$55,000	Mayor
Police - Automatic Weapons	200,000	200,000	Department
Police - Overtime	600,000	600,000	Department
Court Security	200,000	200,000	Department
Payment in Lieu of Taxes (SFHA)	1,000,000	1,000,000	Controller
Zero Base Budget	150,000	TBD	Mayor
Human Resources:			
Workers Compensation	275,000	275,000	Department
Employee Relations Division	TBD	TBD	Department
Joint Powers Board (JPB)	130,000	130,000	Department
Charter Reform	100,000	100,000	Department
Total	**$8,307,000**	**$8,127,000**	
General Fund Remaining Reserves	**$4,548,938**	**$4,798,938**	

The difference between the requested amount of $8,307,000 and the Mayor's recommended amount of $8,127,000, or $180,000, consists of a $30,000 reduction for Sheriff's operations (which has already been funded - see Sheriff below) and no recommendation to date on the $150,000 for the Zero Base Budget Analysis.

Comments:

District Attorney - $650,000: Of the requested $1,650,000, $1,153,111 has been approved and $496,889 is pending before the Budget Committee (see Item 6, File 101-94-33.1 of this report to the Budget Committee).

Sheriff - $690,000 and $150,000: $668,163 for operations (new jail and work furlough) has been previously approved by the Budget Committee. The $150,000 in General Fund Reserve monies for jail overcrowding is pending before the Budget Committee (see Items 7 and 8, Files 101-94-36 and 102-94-6 of this report to the Budget Committee).

Mental Health "R" Facility - $2,260,000: This represents the amount of expenditures that the Department and Mayor's Office have determined will be necessary to fund fixtures, furnishings and equipment for the new Mental Health facility on the SFGH campus to achieve accreditation approval and open the facility during the current fiscal year.

Substance Abuse - $152,000: Funding added for treatment beds during the 1994-95 budget hearings was insufficient to carry the program through mid January, 1995 as intended by the Budget Committee.

Forensics Nurses - $350,000: Overspending associated with the ten hour shifts worked by forensics nurses.

Medi-Cal Managed Care - $125,000: expected current fiscal year City contribution to the Health Authority established for the Managed Care Local Initiative. As previously reported, the total City commitment over three years will be $1.0 million.

Nursing MOU - To be Determined: As of the writing of this report, the Mayor's Office reports that they have not been provided with a MOU that has been approved by the Nurses. However, the Department of Public Health is now projecting that a provision of the MOU regarding the "1% pick up" of employee retirement contributions by the City will cost approximately $500,000 in 1994-95.

Center for Special Problems - $220,000: During the 1994-95 budget hearings, $400,000 was added to the budget for six months operation of the Center for Special Problems. According to the Mayor's Office, the Center for Special Problems has been operating at a lower cost, with no decrease in offender program services, and this additional $220,000 is to fund the program as it is currently operating for the remainder of the fiscal year.

CAO Retirement - $55,000: the Mayor's Office anticipates a supplemental appropriation in this amount for costs related to the retirement of the Chief Administrative Officer.

Police - Automatic Weapons - $200,000: 1994-95 expenditures to begin arming Police Officers with automatic weapons.

Police - Overtime - $600,000: The Police Department's unanticipated overtime expenditures related to the newspaper strike amounted to approximately $600,000. If savings are not achieved over the remainder of the fiscal year to offset this expense, a supplemental appropriation may be required.

Payment in Lieu of Taxes (SFHA) - $1,000,000: The 1994-95 budget was balanced with the inclusion of total Payment in Lieu of Taxes (PILOT) revenue in the amount of $1.6

Million. Of this amount, $600,000 was designated as the PILOT for the current fiscal year, and $1.0 million was for prior years. The Controller reports that the SFHA has budgeted the $600,000 PILOT for 1994-95, but not the $1.0 million balance for prior years. Also related are current negotiations for payment to the City for additional Police services. The Controller reports that these matters will be brought before the Board of Supervisors in the near future.

Zero Base Budget - $150,000 (Mayor's Recommendation is "To be determined"): Pending supplemental appropriation for cost of the Budget Analyst to perform a second Zero Base Budget Analysis for the 1995-96 Fiscal Year.

Human Resources: Workers Compensation - $275,000: Estimated costs for restructuring the Workers Compensation Division when it is transferred from the Employees Retirement System to the Department of Human Resources. The Department has not yet submitted a supplemental appropriation to the Mayor.

Employee Relations Division - "To Be Determined": The Employee Relations Division (ERD) of the Human Resources Department reports that a total of 29 Memoranda of Understanding must be negotiated between now and the end of the Fiscal Year. Each of these separate MOU may become the subject of arbitration. Consequently, the ERD anticipates staffing needs and legal assistance for arbitration cases in an amount that has not yet been determined. The Department is now preparing a supplemental appropriation request for submittal to the Mayor's Office.

Joint Powers Board (JPB) - $130,000: This represents San Francisco's share of administrative costs for the Peninsula Corridor Project JPB. A recent resolution amending the Joint Powers Agreement to modify the formula for allocation of administrative costs was approved by the Board of Supervisors (File 172-94-2.3). This resolution also urged the Mayor to submit a supplemental appropriation in the amount of $129,300 for this purpose.

Charter Reform - $100,000: A motion has been referred to the Budget Committee to submit a supplemental appropriation request for $100,000 to fund support services for the Select Committee on Charter Reform. This level of funding for the second half of the 1994-95 Fiscal Year is requested to provide a full time Deputy City Attorney, and clerical support, to serve the Select Committee, respond to public requests for legal opinions, provide draft Charter

revisions and analyses, meet with community groups and labor unions and attend all Select Committee meetings. Additional costs for production of reports and other documents and mailing are anticipated.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 5 - File 172-94-45

Note: This item was continued by the Budget Committee at its meeting of December 7, 1994

Department: Department of Public Health (DPH)

Item: Resolution authorizing the contract between the Department of Public Health and Coopers & Lybrand LLP to provide project management and implementation assistance of a Health-care Management Information System.

Amount: Maximum of $6,668,025

Source of Funds: Medi-Cal revenues and SB1255 funds (included in DPH's 1994-95 budget)

Term of Contract: 2 and 1/2 years from the date that the Controller's Office certifies that funds are available

Description: The Board of Supervisors previously approved a supplemental appropriation in the amount of $21,319,026 to begin implementation of a management information system (MIS) development plan to augment the current San Francisco General Hospital (SFGH) patient billing system and support implementation of managed care as required by the State of California Department of Health Services and anticipated Federal health care reform (File 101-93-109.1). Managed care will require replacement of current fee-for-service patient billing practices with capitated revenue for provision of public health and hospital services to Medi-Cal eligible health care recipients receiving services from Community Health Services, SFGH, Laguna Honda Hospital and the DPH Division of Mental Health, Substance Abuse, and Forensics. The $21,319,026 was designated to pay for a contract between DPH and Shared Medical Systems (SMS) for the SMS to provide (1) the Remote Computing Option system which would provide DPH with the use of SMS's proprietary software for patient billing and registration, patient accounts, clinical records, lab orders and results, and other data and information exchange capabilities and (2) the installation of a network system to connect DPH sites with each other and with SMS's MIS Systems Center in Malvern, Pennsylvania.

The DPH advises that the proposed contract with Coopers & Lybrand, which the DPH had previously determined was necessary at the time the DPH submitted its original $21.3 million request for the SMS contract, is to provide for needed

project management and implementation of the SMS's management information system. Under the proposed contract, Coopers & Lybrand would be paid an amount not to exceed $6,668,025 (see Attachment I).

Coopers & Lybrand's project management and implementation of the SMS's management information system would involve adapting the SMS software to meet the specific needs of DPH's business operations and training DPH staff on how to use the new system.

Comments:

1. According to Mr. David Counter of DPH, the DPH is proposing to contract with Coopers & Lybrand on a sole source basis, because (1) Coopers & Lybrand previously assisted SFGH and DPH in developing an Information Systems Strategic Plan and is therefore intimately familiar with DPH's operations, (2) Coopers & Lybrand has unique qualifications in that they have conducted several similar SMS software installation projects within the United States and (3) the firm has specialized SMS systems knowledge, with a SMS Training Center of Excellence established at their Health Care Information Systems headquarters in Chicago. According to Mr. Counter, SMS itself cannot handle the proposed project management functions because the firm does not have the necessary expertise.

2. The Human Rights Commission (HRC) granted DPH a sole source waiver in connection with this contract based on DPH's assertions regarding Coopers & Lybrand and a commitment by Coopers & Lybrand to a MBE/WBE participation goal of 35 percent of the total number of contract hours, based on the firm's good faith efforts.

3. Coopers & Lybrand has selected Systems Support Technology, a local MBE firm, as a subcontractor. The total number of contract hours is 38,989, of which 9,660 or 24.7 percent are allocated to Systems Support Technology. Based on 9,660 hours, the total amount of Systems Support Technology's subcontract is $870,156 or 17.3 percent of the total contract amount (excluding expenses) of $5,019,029. Mr. Edwin Lee of HRC advises that Coopers & Lybrand appears to have made a strong good faith effort to meet the above-noted 35 percent goal. However, Mr. Edwin believes that Coopers & and Lybrand should continue their efforts towards achieving such goal should any future modification to the scope of the contract present an opportunity to do so.

4. The proposed contract includes a hold harmless clause, which provides that Coopers & Lybrand shall have no

liability with respect to its obligations under this agreement for consequential, exemplary (bad faith), special, indirect, incidental or punitive damages, even if it has been advised of the possibility of such damages. Notwithstanding this provision, the liability of Coopers & Lybrand for any reason, cause or claim shall be limited to $6,668,025. Such limitations shall not apply to Coopers & Lybrand's liability to the City for third party claims brought against the City for bodily injury or damage to physical property to the extent that such damage was caused by the negligent or willful misconduct of Coopers & Lybrand.

5. Ms. Paula Jesson of the City Attorney's Office, advises that the City normally does not limit a contractor's liability for failure to comply with all terms of the contract, including any violation of the agreement which would potentially cost the City monies. According to Ms. Jesson, the City's potential financial exposure in light of this hold harmless clause cannot be determined. Ms. Jesson states that the hold harmless clause, as drafted, was considered to be non-negotiable by Coopers & Lybrand and, as such, the inclusion of this clause was required in order for the contract to proceed.

6. As noted in Attachment I Coopers & Lybrand would be paid hourly rates ranging from $66 to $250. Additionally, Coopers & Lybrand will be paid $1,114,923 for travel, lodging and subsistence expenses plus $255,000 for administrative support expenses, as detailed in Attachment II.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Staffing Requirements and Professional Fees for SMS Implementation
Phase 1

PROJECT DETAIL

TITLE	ENTITY	MONTHS	FTE's	HOURS	RATE	COST
GENERAL						
Engagement Partner	C&L	20	0.1	440	$250	$110,000
Engagement Director	C&L	20	0.4	1,384	$170	$235,418
QA Partner	C&L	20	0.1	440	$250	$110,000
Project Manager	C&L	20	0.7	2,448	$170	$416,405
Invision Appl. Mgr.	C&L	20	0.9	2,856	$158	$449,820
PMW Coord./Admin	C&L	20	0.5	1,843	$90	$165,870
ICO to RCO (Open LINK)						
Team Leader	SFG/DPH	8.5	1.0	1,428		
Analysts/Builders	SFG/DPH	8.5	2.5	3,570		
Analysts/Builders	C&L	8.5	1.2	1,685	$115	$193,691
HDX Analyst	SFG/DPH	3	1.0	504		
Order Processing/COR						
Team Leader	C&L	18.0	0.9	2,856	$130	$370,852
Analysts/Builders	SFG/DPH	18.0	1.2	3,524		
Analysts/Builders	C&L	18.0	0.9	2,772	$115	$318,641
Analysts/Builders	M/WBE	16.0	1.0	2,688	$66	$177,408
SIGNATURE						
Team Leader	C&L	13.5	1.0	2,184	$130	$283,592
Analysts/Builders	SFG/DPH	13.5	2.7	6,170		
Analysts/Builders	C&L	13.5			$115	
Analysts/Builders	M/WBE	11.5	1.0	1,932	$89	$171,948
LCR, Results and Flowsheets						
Team Leader	C&L	17.5	0.7	2,016	$200	$402,192
Analysts/Builders	SFG/DPH	17.5	1.2	3,440		
Analysts/Builders	C&L	17.5	0.9	2,772	$130	$360,568
Analysts/Builders	M/WBE	15.5	1.1	2,940	$120	$352,800
Enterprise Access Directory						
Team Leader	C&L	12.5	0.9	1,932	$130	$250,870
Analysts/Builders	SFG/DPH	12.5	1.0	2,100		
Analysts/Builders	C&L	12.5			$115	
Analysts/Builders	M/WBE	10.5	1.2	2,100	$80	$168,000
Managed Care (Diamond)						
Team Leader	C&L	8.5	1.4	2,016	$130	$261,778
Analysts/Builders	SFG/DPH	8.5	2.0	2,856		
Analysts/Builders	C&L	8.5			$115	
Psychiatric**						
Team Leader	C&L	8.0	1.3	1,685	$130	$219,176
Analysts/Builders	SFG/DPH	8.0	3.0	4,032		
Analysts/Builders	C&L	8.0			$115	
DMS Operations Review**						
Team Leader	C&L					$87,500
Analyst	C&L					
SFGH/DPH SUB-TOTAL			16	27,624		
C&L SUB-TOTAL			12	29,329		$4,148,873
M/WBE SUB-TOTAL (* Includes Project Expenses)			4	9,660		$870,156
PHASE 1 PROFESSIONAL FEE TOTALS			32	66,613		$5,019,029
Coopers & Lybrand Travel, Lodging and Subsistence Expenses						$1,114,923
Coopers & Lybrand Administrative Support Expenses***						$255,000
C&L Rate Increase (effective July 1, 1995)						$156,572
PHASE 1 GRAND TOTAL (C&L + M/WBE)						$6,545,525
DMS Project Professional Fees** (Division of Mental Health Services)						$87,500
DMS Project Expenses ** (Division of Mental Health Services)						$35,000
GRAND TOTAL (C&L + M/WBE)						$6,668,025
Grand Total Fiscal Year 94-95						$3,168,358
Grand Total Fiscal Year 95-96						$3,499,666

PROJECT ASSUMPTIONS

168 Productive Hours per Month per FTE

NOTES

** Optional project task. Service to be provided only if City elects to exercise this option.

*** Administrative support expenses include adminstrative assistance, word processing, telephone/network fees, reproduction, postage, computer usage fees, network access, and application documentation

Attachment II
Page 1 of 5

... COST ESTIMATE FOR INTEGRATED HEALTH SYSTEM PROJECT

	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	Year 1
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Support Schedule - Expenses													
Travel Home Allowance							12,000	12,000	12,000	12,000	12,000	12,000	72,000
Travel (Engagement Related)							1,389	1,389	1,389	1,389	1,389	1,389	8,333
Meals							2,222	2,222	2,222	2,222	2,222	2,222	13,333
Lodging							17,889	17,889	17,889	17,889	17,889	17,889	107,333
Auto Rental/Cab Fare							2,500	2,500	2,500	2,500	2,500	2,500	15,000
Tax Gross Up - Business Reimbursement							17,496	17,496	17,496	17,496	17,496	17,496	104,974
Relocation Allowance (Incidentals)							12,000						12,000
Rental/House Search/Household goods move							80,000						80,000
Cost to Break Lease							16,000						15,000
Brokers Commission and Security Deposits							45,000						45,000
Sub-Total - Travel, Lodging and Subsistence							206,496	53,496	53,496	53,496	53,496	53,496	472,974
Administrative Support							6,667	6,667	6,667	6,667	6,667	6,667	40,000
Word Processing							1,111	1,111	1,111	1,111	1,111	1,111	6,667
Telephone/Network Fees							2,222	2,222	2,222	2,222	2,222	2,222	13,333
Reproduction							1,111	1,111	1,111	1,111	1,111	1,111	6,667
Postage							1,111	1,111	1,111	1,111	1,111	1,111	6,667
Computer Usage Fees							1,111	1,111	1,111	1,111	1,111	1,111	6,667
Network Access (Hardware/Software)							278	278	278	278	278	278	1,667
Documentation							556	556	556	556	556	556	3,333
Sub-Total - Administrative Support							14,167	14,167	14,167	14,167	14,167	14,167	85,000
Operations Review							11,667	11,667	11,667				35,000
TOTAL							231,328	79,329	79,329	67,662	67,662	67,662	592,874

S.F.D.P.H. - COST ESTIMATE FOR INTEGRATED HEALTH SYSTEM PROJECT

	Jul-95 13	Aug-95 14	Sep-95 15	Oct-95 16	Nov-95 17	Dec-95 18	Jan-96 19	Feb-96 20	Mar-96 21	Apr-96 22	May-96 23	Jun-96 24	Year 2 Total	TOTAL
Support Schedule - Expenses														
Travel Home Allowance	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000	216,000
Travel (Engagement Related)	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	16,667	25,000
Meals	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	26,667	40,000
Lodging	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	17,889	214,667	322,000
Auto Rental/Cab Fare	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	45,000
Tax Gross Up - Business Reimbursement	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	17,496	[illegible]	314,923
Relocation Allowance (Incidentals)														12,000
Rental/House Search/Household goods move														80,000
Cost to Break Lease														15,000
Brokers Commission and Security Deposits														45,000
Sub-Total - Travel, Lodging and Subsistence	53,496	53,496	53,496	53,496	53,496	53,496	53,496	53,496	53,496	53,496	53,496	53,496	641,948	1,114,923
Administrative Support	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000	120,000
Word Processing	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	13,333	20,000
Telephone/Network Fees	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	2,222	26,667	40,000
Reproduction	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	13,333	20,000
Postage	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	13,333	20,000
Computer Usage Fees	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	1,111	13,333	20,000
Network Access (Hardware/Software)	278	278	278	278	278	278	278	278	278	278	278	278	3,333	5,000
Documentation	556	556	556	556	556	556	556	556	556	556	556	556	6,667	10,000
Sub-Total - Administrative Support	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	14,167	170,000	255,000
Operations Review														35,000
TOTAL	67,662	67,662	67,662	67,662	67,662	67,662	67,662	67,662	67,662	67,662	67,662	67,662	811,948	1,404,923

Administrative Support Expenses

Administrative Support ($120,000)
3-Secretarial/Clerical support for the project office of 16 staff members

Word Processing ($20,000)
Expenses for document preparation, training materials, presentation, etc.

Telephone/Network Fees ($40,000)
Expenses for business calls related to the engagement. All calls must be documented and receipts submitted. Conference calls, teleconferencing etc will be utilized in order to reduce travel expenses.

Reproduction ($20,000)
Cost associated with copying of reports, training materials, presentations etc.

Postage ($20,000)
Expenses incurred for mailing/shipping materials.

Computer Usage Fees ($20,000)
Costs incurred for computer time & usage fees.

Network Access - hardware & software ($5,000)
Costs incurred for the acquisition of any adaptive equipment/connectors in order to communicate with various communication protocols.

Documentation ($10,000)
Purchase of application/technical manuals required for the project.

The categotries above total $255,000

Note: There will be 16 staff members during this project. Schedule 2, Staffing Requirements and Professional Fees for SMS Implementation indicates 12 FTE's. This is due to the calculation of 16 staff equating to 12 FTE's. Schedule 2 also indicates the exact FTE amount for each of the 16 staff members.

Expense Schedule - Travel, Lodging and Subsistence

The expenses for temporary relocation will be paid on actual receipts. All arrangements and payments will be coordinated by the Firm's Relocation Dept. The project is estimated to be 18 months in duration with a project team of 16 staff members. The following items is what is included and general assumptions made for the estimated budget:

Lodging/Housing Allowance - furnished ($322,000)
9 participants avg. @ $1988 per 18 months = $322,000

Travel Allowance ($216,000)
For trips home, using a 14 day advance airline booking
Not to exceed $4500 per 12 month period per individual
8 @ $4500 = $36,000 (1st yr.)
3 @ $4500 = $13,500 (2nd yr.)
Commuter allowance estimated at $1500 per trip
(airfare,hotel,airport trans.,etc.)
3 @ 112 trips = $167,000

Travel Engagement Related (25,000)
The Firm will reimburse personnel $.29 per mile plus tolls for business related travel, less normal daily out of pocket commutation expenses which otherwise would have been incurred.

Meals ($40,000)
For commuters and any business related travel outside the SF area in accordance with Firm policy.

Rental/House Search/Household Goods Move ($80,000)
Expenses to search for an apartment in SF
One trip not to exceed ten days
Payment for household goods inbound and outbound

Brokers Commissions and Security Deposits ($45,000)
Typical for the SF area

Cost to Break Lease ($12,000)
Expenses incurred by employees to either maintain residence in their absence for a temporary period or breaking of leases will be reimbursed.

Relocation Allowance/Incidentals ($15,000)
Payments for incidental expenses like telephone installations, utilities, etc.

Auto Rental/Carfare ($45,000)
Reimbursements for project related expenditure per Firm policy

Tax Gross up - Business Reimbursement ($314,923)
All payments made which will be considered income to

the project participants will be tax protected and grossed up.
The Internal Revenue Code(IRS) requires that any employee receiving expense reimbursement for business related items for a period greater than 12 months is considered taxable income. In addition, several states will consider it subject to state tax. C & L will withhold the amounts on a pay period basis and invoice SFDPH on a monthly basis.

The categories above total $1,114,923

Item 6 - File 101-94-33.1

Department: District Attorney

Item: Supplemental appropriation ordinance for salaries and fringe benefits; subject of previous budget denial.

Amount: $496,889

Source of Funds: General Fund-General Reserve

Description: As previously reported to the Budget Committee on November 30, 1994, the District Attorney's Fiscal Year 1994-95 General Fund budget request for Criminal and Civil Prosecution and Administration salaries, was reduced by a total of $957,750, from $10,966,463 to $10,008,713.

At the Budget Committee meeting of November 30, 1994, the District Attorney requested an additional $1,650,000 including salaries of $1,377,000, fringe benefits of $255,000 and training of $18,000.

Based on the recommendations of the Budget Analyst, the Budget Committee recommended that the District Attorney be granted $1,153,111 of the $1,650,000 request, including salaries of $957,750, fringes of $177,361 and training funds of $18,000. Based on the Mayor's budget instructions, this amount fully restored the District Attorney's budget to his 1994-95 budget request.

The Budget Analyst recommended that the remaining balance of the $1,650,000 request, or $496,889 be denied. The Budget Committee, instead, continued the balance of the District Attorney's request of $496,889, including $419,250 in Salaries and $77,639 in fringe benefits. Further, the Budget Committee requested that the Budget Analyst verify the savings that the District Attorney would achieve from his Weekend Rebooking Program, since the District Attorney advised the Budget Committee that he would have to eliminate the Weekend Rebooking Program if the Budget Committee accepted the recommendations of the Budget Analyst.

The Budget Analyst has determined the following facts regarding the Weekend Rebooking Program:

1. The Weekend Rebooking Program is one component of a three component Expedited Rebooking Program used by the District Attorney's Office to reduce the

rebooking time period from the statutorily mandated two court days to one court day. The other two components of the Expedited Rebooking Program are (1) Narcotic Cases Rebooking, whereby the head of the Narcotics Unit performs rebookings of felony narcotics cases, and (2) Expedited Weekday Rebooking, whereby on each weekday, a Principal Attorney in the District Attorney's Office is detailed to assist in rebooking, in order to achieve the rebooking within 24 hours. The purpose of the Expedited Rebooking Program is to reduce the number of incarcerations.

2. According to Ms. Bridget Bane of the District Attorney's Office, between 1987 and 1992 there was a dedicated Expedited Rebooking Program Unit within the District Attorney's Office. However, since 1992, prosecution staff within the District Attorney's Office have been detailed for service in the Expedited Rebooking Program. Ms. Bane has provided the Budget Analyst with staffing data showing that approximately 1.2 FTE positions are dedicated to weekend rebooking and approximately 1.2 FTE positions are dedicated to expedited weekday rebooking, for a total of 2.4 FTE positions, including nonproductive time (training, vacations, sick leave, etc.). Approximately 0.6 FTE positions are dedicated to felony narcotics cases in connection with rebooking. In addition, 2 FTE positions provide support to the Expedited Rebooking Program. Personnel costs for the attorney and support positions provided to the Expedited Rebooking Program in the District Attorney's Office are as follows:

Title	Classification	FTE	Salary at Top Step	Total Annual Salary Costs
Principal Attorney	8180	3.0	$98,136	$294,408
Legal Secretary I	1458	1.0	$43,900	43,900
Sr. Clerk Typist	1426	1.0	$33,878	33,878
		5.0		$372,186

3. The total estimated annual cost of the Expedited Rebooking Program, including $372,186 in salaries and $67,738 in fringe benefits, is $439,924.

4. Ms. Bane has also provided the Budget Analyst with Weekend Rebooking Program data showing that on the average, the Weekend Rebooking Program results in approximately 1,450 incarceration days avoided, on an annual basis. Effective December 1, 1994, the rate for

jail overcrowding was increased to $2,500 per inmate, per day, and is scheduled to increase to $5,000 per inmate per day in April of 1995. Therefore, currently, the Weekend Rebooking Program can potentially enable the City and County to avoid $3,625,000 in jail overcrowding costs (1,450 incarceration days multiplied by $2,500 per incarceration day).

5. The potential cost avoidance amount of $3,625,000 assumes that each of the 1,450 incarceration days cited above would add to actual jail overcrowding, for which the City and County would be fined. However, such jail overcrowding is not always the case. For example, according to a report provided to the Budget Analyst by the Sheriff's Department (See Attachment), there was one day of jail overcrowding in County Jail #1, the County Jail subject to fines for overcrowding, in November of 1994 that resulted in a $300 fine. Further, the average daily population of County Jail #1 at the Hall of Justice on the Sixth Floor during November of 1994 was 341.63, which is 84.37 below the permissible incarcerated population of 426. However, reportedly November is typically a light month for incarcerations.

Comments:

1. Because this request was the subject of previous budgetary denial, approval of this request would require a two-thirds affirmative vote by the Board of Supervisors.

2. As of the writing of this report, the Budget Analyst has not been provided with sufficient data confirming actual, as opposed to potential, savings from the Expedited Rebooking Program. Nor is the Budget Analyst fully convinced that the District Attorney's Office cannot preserve the Expedited Rebooking Program within its existing budget.

3. The previous action of the Budget Committee on November 30, 1994 to recommend supplemental funding in the amount of $1,153,111 of the District Attorney's $1,650,000 request, in accordance with the recommendation of the Budget Analyst, including salaries of $957,750, fringe benefits of $177,361, and training funds of $18,000, fully restored the District Attorney's budget to his FY 1994-95 budget request which was submitted consistent with the Mayor's budget instructions.

3. For the reasons cited in Comment Numbers 2 and 3 above, as of the writing of this report, the Budget Analyst cannot recommend approval of this $496,889 supplemental appropriation request.

Recommendation: Approval of this request for an additional amount of $496,889 is a policy decision for the Board of Supervisors.

BOARD OF SUPERVISORS
BUDGET ANALYST

SAN FRANCISCO SHERIFF'S OFFICE
DAILY PRISONER COUNT SUMMARY/JAIL BED DEFICIT
DEP. ARAGON # 537, Rm. 333, City Hall 554-7222
sfsd/boc 360/360 0 66-66 426-426

DATE	CJ# 1	CJ-1	CJ# 1	CJ# 1
	male	gym	female	total
11/1/94	368	0	36	404
11/2/94	332	0	43	375
11/3/94	325	0	48	373
11/4/94	301	0	44	345
11/5/94	276	0	41	317
11/6/94	275	0	39	314
11/7/94	288	0	42	330
11/8/94	308	0	44	352
11/9/94	304	0	50	354
11/10/94	297	0	53	350
11/11/94	282	0	51	333
11/12/94	296	0	57	353
11/13/94	316	0	86	402
11/14/94	316	0	54	370
11/15/94	315	0	70	385
11/16/94	316	0	46	362
11/17/94	289	0	55	344
11/18/94	256	4	50	310
11/19/94	250	0	44	294
11/20/94	258	0	46	304
11/21/94	277	0	50	327
11/22/94	284	0	42	326
11/23/94	267	0	43	310
11/24/94	256	0	38	294
11/25/94	265	0	39	304
11/26/94	262	0	42	304
11/27/94	287	0	61	348
11/28/94	305	0	56	361
11/29/94	302	0	47	349
11/30/94	288	0	67	355
TOTAL	8,761	4	1,484	10,249
ADP	292.03	0.13	49.47	341.63

Provided by the Sheriff Department

Items 7 and 8 - Files 101-94-36 and 102-94-6

Departments: Sheriff
District Attorney
Adult Probation

Items: **Item 7, File 101-94-36** - Supplemental appropriation ordinance appropriating and rescinding $419,709 from the Sheriff's Department and appropriating $262,000 in Jail Overcrowding Fines and $151,189 from the General Fund Reserve to the District Attorney, Sheriff's and Adult Probation Departments for salaries, fringe benefits, other non-personal services and the lease purchase of equipment, and creating 11 positions for the implementation of programs to minimize jail overcrowding; placing $262,000 on reserve.

Item 8, File 102-94-6 - Ordinance amending Annual Salary Ordinance to reflect the addition of eleven new positions, including seven positions for the Sheriff, two positions for the District Attorney and two positions for Adult Probation, for the purpose of reducing jail overcrowding.

Amount:

Sheriff	$722,000
District Attorney	48,188
Adult Probation	62,710
Total Supplemental Appropriation Request	$832,898

Source of Funds:

Reappropriation of funds for Non-Personal Services in the Sheriff's Department FY 1994-95 budget	$419,709
Jail Overcrowding Fine Revenues	262,000
General Fund General Reserve	151,189
Total Supplemental Appropriation Request	$832,898

Description: The Early Release Program is scheduled to terminate on January 1, 1995. The Early Release Program authorizes the release of all County jail prisoners after serving only 70 percent of their sentences (80 percent of their sentences for prisoners who have committed certain violent felonies) without any community supervision. Thus, as of January 1, 1995, the City will be required to house prisoners for the full duration of their sentences rather than releasing prisoners upon completion of 70 percent of their sentences.

Since 1990, the City has been held in contempt by the U.S. District Court for overcrowding in the sixth floor jail of the Hall of Justice. Since September of 1992, the City has been ordered by the Court to pay fines of $300 per day for every inmate over a Court-imposed population limit of 426 inmates for the sixth floor at the Hall of Justice facility, resulting in the

payment of $2,547,900 in contempt fines, as of November 30, 1994. In November of 1994, the U.S. District Court ruled that the fee imposed for jail overcrowding would be increased from $300 per inmate per day to $2,500 per inmate per day as of December 1, 1994 and to $5,000 per inmate per day in April of 1995.

The proposed supplemental appropriation ordinance would provide funding to implement four proposals designed to avoid housing prisoners for the full duration of their sentences, thereby avoiding additional jail overcrowding and the resulting fines. These four plans were developed by a special committee that included representatives from the Municipal and Superior Courts, the Sheriff's Department, the District Attorney's Office, the Public Defender's Office, the Adult Probation Department, the City Attorney's Office and the Police Department. These four proposals and the corresponding funding requests are described below.

In addition, the proposed supplemental appropriation ordinance would provide funds for an anticipated funding shortfall in the Sheriff's FY 1994-95 budget (See description below under <u>New Jail Facility - Projected Funding Shortfall</u>).

<u>**Proposal #1: Increased Use of County Parole**</u>
Under current law, eligibility for parole is limited to the second half of a prisoner's sentence. The County Parole Board, which consists of the Sheriff, the Chief Adult Probation Officer and a member of the public appointed by the Presiding Judge of the Superior Court, has the authority to parole from the Sheriff's custody any prisoners, except prisoners who are precluded from parole eligibility by a Superior Court Judge. Currently, more than 80 percent of all County jail prisoners are precluded at the time of sentencing from consideration for parole.

Under this proposal, the District Attorney (DA) and the Superior Court would adopt a policy to refrain from imposing restrictions on the use of parole, except for certain violent offenses. Thus, under this proposal, after completing 50 percent of their sentences, an increased number of prisoners would become eligible for parole. If granted parole, such prisoners would either be (1) transferred to the Sheriff's Residential Beds Program (for prisoners who need substance abuse treatment services) or (2) released to the community with supervision, thereby potentially avoiding additional jail overcrowding and the resulting fines.

Funding for Proposal #1 $48,188

In order to implement this proposal, the DA is requesting the addition of one new 8178 Senior Attorney position, which would be responsible for coordinating and reviewing the files for all prisoners to be considered for parole, for preparing the argument for or against parole, and for presenting that argument to the County Parole Board.

In addition, the District Attorney's Office is proposing to upgrade an existing 8180 Principal Attorney position, at an annual salary at the top step of $98,136, to an 8182 Head Attorney position, at an annual salary at the top step of $105,548, for an increase in annual salary of $7,412 ($105,548 less $98,136). This Head Attorney position would be responsible for all decisions regarding parole requests and for setting policy regarding the County Parole Program.

These two positions are being requested for the period from January 16, 1995 through June 30, 1995 (approximately 11.94 pay periods), as reflected in the table below:

Position	No. of Positions	FTE	Biweekly Salary	No. of Pay Periods	Amount
8182 Head Attorney*	1	0.07	4,044	11.94	$3,391
8178 Senior Attorney	1	1.00	3,093	11.94	36,934
Subtotal	2	1.07			$40,325
Fringe Benefits					7,863
Total					$48,188

Proposal #2: Expansion of SWAP

Under Proposal #1 above, prisoners who are denied parole after completing 50 percent of their sentences will continue to be incarcerated. Under Proposal #2, prisoners would become eligible to participate in the Sheriff's Work Alternative Program (SWAP) after completing 70 percent of their sentences. Through SWAP, prisoners who are unable to obtain outside employment are permitted to participate in work crews or vocational training sponsored by the Sheriff's Department during the daytime and to reside at their homes at night. SWAP participants are required to appear at the Sheriff's Office five days per week.

* The cost of this position is $48,285 for 11.94 pay periods ($4,044 biweekly x 11.94 pay periods). The DA is requesting 7.0 percent or $3,391 in this supplemental appropriation request for a position upgrade. The remaining 93 percent ($44,894) of the cost is being paid for from funds allocated in the DA's budget for the salary of the existing 8180 Principal Attorney position ($3,760 biweekly x 11.94 pay periods). The existing 8180 Principal Attorney position would thus remain in the District Attorney's budget but would be vacant and unfunded.

By allowing additional prisoners to participate in SWAP, rather than incarcerating them for the full duration of their sentences, the City could potentially avoid additional jail overcrowding and the resulting fines.

Funding for Proposal #2 **$128,451**

In order to implement Proposal #2, the Sheriff is requesting the addition of three 8302 Deputy Sheriff positions, which would be responsible for enforcing warrants for the arrest of SWAP participants who fail to appear for work or training on any given day. In addition, the Sheriff is requesting the addition of three 8274 Police Cadet positions to perform clerical work associated with the expanded SWAP Program and one 8274 Police Cadet position to perform clerical work associated with the increased number of parolees. Funding for these seven positions is being requested for the period from December 22, 1994 through June 30, 1995 (approximately 14.15 pay periods), as reflected in the table below:

Position	No. of Positions	FTE	Biweekly Salary	No. of Pay Periods	Amount
8274 Police Cadet	4	4.0	$822	14.15	$46,518
8302 Deputy Sheriff I	3	3.0	1,190	14.15	50,507
Subtotal	7	7.0			$97,025
Fringe Benefits					16,432
Total					$113,457

In addition, the Sheriff is requesting funds in the amount of $14,994 in order to lease-purchase three vans to be used to enforce the previously-cited arrest warrants. The estimated monthly payments for each van are $833 per month for six months (January 1, 1995 through June 30, 1995), for a total of $14,994 ($833 per van per month x six months x three vans) in FY 1994-95. The term of each lease is three years, at which time the Sheriff would purchase the vans. The cost of leasing three vans for three years is $89,964 ($833 per month x 36 months x three vans). The estimated cost to purchase three vans is $66,000 ($22,000 per van). The cost to lease-purchase three vans is $23,964 more or over 36 percent more than the cost of purchasing the vans.

Proposal #3: Expansion of Home Detention Program

The Home Detention Program is one of the Sheriff's Alternative Programs in which a prisoner is confined to his or her residence, except for periods when the prisoner is at work, traveling to and from work or participating in some other allowed activity. The prisoner's compliance with the program is verified by random telephone calls to the prisoner's home and by an electronic bracelet, which sends out a signal that

alerts the Sheriff's Department when the bracelet is removed or worn outside a certain range of the home.

The Sheriff has proposed the expansion of the Home Detention Program as an alternative to participation in the SWAP Program. Prisoners who are either ill or who are able to obtain full-time employment would be eligible to participate in the Home Detention Program after completing 70 percent of their sentences.

Funding for Proposal #3 **$133,549**

The Sheriff is requesting funds for the purchase of 75 additional Electronic Home Monitoring units, which consist of an ankle bracelet, a transmitter, a visual monitor and a Breath-alizer test. The estimated cost of each unit is approximately $10 per day for the period from January 4, 1995 through June 30, 1995 (178 days), or a total of $133,549 ($10 per day x 75 units x 178 days).

Proposal #4: Accelerated Supplemental Reports

Motions to revoke probation are made to the Superior Court by the Adult Probation Department for all clients who violate probation. While awaiting a court appearance, a probation violator currently spends an average of 28 days in jail while a supplemental report is being prepared by a probation officer. The Superior Court has proposed that the process of preparing the supplemental report be shortened by 50 percent, from 28 days to 14 days, thereby reducing the probation violator's jail time by one-half.

Funding for Proposal #4 **$62,710**

In order to implement this proposal, the Adult Probation Department is requesting the addition of two positions, including one 8442 Senior Probation Officer position and one 1432 Senior Transcriber Typist position for the period from December 12, 1994 through June 30, 1995 (approximately 15.1 pay periods). The Senior Probation Officer would be responsible for writing supplemental reports in a reduced time period. The additional Senior Transcriber Typist would be responsible for performing clerical work in support of completing supplemental reports on a timely basis.

A breakdown of this request is as follows:

Position	No. of Positions	FTE	Biweekly Salary	No. of Pay Periods	Amount
8442 Senior Probation Officer	1	1.0	$1,955	15.1	$29,515
1432 Senior Transcriber Typist	1	1.0	1,436	15.1	21,680
Subtotal	2	2.0			$51,195
Fringe Benefits					11,515
Total					$62,710

New Jail Facility - Projected Funding Shortfall $460,000

The new jail facility was originally scheduled to open on January 1, 1995 but instead opened one month earlier on December 1, 1994. According to Sergeant Ridgeway, because of the need to hire and train staff in time for the jail's earlier opening date of December 1, 1994, the Sheriff is anticipating a shortfall of $342,088 in Permanent Salaries and $117,912 in Fringe Benefits, or a total of $460,000, for FY 1994-95 (See Comment No. 7).

Total Supplemental Appropriation Request $832,898

Comments:

1. There is $2,804,018 included under Non-Personal Services in the Sheriff's FY 1994-95 budget to fund beds at the Alameda County jail. Given the original anticipated opening date of the new jail facility of January 1, 1995, this amount would have provided 225 beds at $68.10 per day for 183 days (approximately six months), through December 31, 1994. However, because the new jail facility opened on December 1, 1994, or one month earlier than anticipated, the Sheriff has a surplus in this account of $419,709. The Sheriff is requesting that this amount be reappropriated in order to partially fund the additional staffing costs for the new jail facility.

2. As previously noted, the City is required to pay $2,500 per inmate per day for overcrowding at the sixth floor Hall of Justice jail facility. This Jail Overcrowding Fine Revenue accrues to a Federally-assigned escrow account. According to a Federal Court order, these revenues are to be expended exclusively on alleviating jail overcrowding. The Controller's Office advises that there is currently a balance of $317,250 in this account. The Sheriff is requesting that $262,000 of this amount be appropriated to partially fund the four foregoing proposals, thereby leaving a balance of $55,250 in this account ($317,250 less $262,000).

The Federal Court must approve expenditures made from these Jail Overcrowding Fine monies. The Court has appointed a Special Master to the Courts, Mr. Alan Breed, to make these expenditure authorizations. Under the proposed legislation, $262,000 of the supplemental appropriation request of $832,898 has been placed on reserve, pending the

Special Master's authorization of the expenditure of Jail Overcrowding Fines for the four foregoing proposals. Mr. Matthew Hymel of the Controller's Office advises that the Special Master will not authorize the expenditure of Jail Overcrowding Fines until the proposed supplemental appropriation ordinance is approved by both the Board of Supervisors and the Mayor, at which time the Controller would release the funds.

3. Mr. Breed has estimated that the elimination of the Early Release Program will result in an additional need of 441 inmate beds per day for the City. The Sheriff's Department estimates that, rather than being housed in one of the City's jails, (a) between 210 and 310 prisoners per day would participate in the Sheriff's SWAP Program; (b) an additional 75 prisoners per day would participate in the Home Detention Program; and (c) an additional 50 prisoners per day would be on parole. In addition, the Adult Probation Department estimates that 57 prisoners per month would be released an average of 14 days earlier by reducing the time needed to prepare supplemental reports by 50 percent. If these estimates prove correct, this would free up an estimated 392 to 492 beds per day.

4. Sergeant Ridgeway advises that the four proposals to reduce jail overcrowding would result in savings to the City by avoiding the $2,500 per inmate per day fine levied against the City for jail overcrowding on the sixth floor jail at the Hall of Justice. The actual reduction in the City's overcrowding fines depends on whether the prisoner participating in one of the foregoing programs is normally housed in the City' overcrowded Hall of Justice facility or in one of the City's other jails.

5. The City would also realize savings through these four proposals by avoiding an increase in the number of inmates in the City's jails, thereby avoiding the costs to the City of housing such inmates. The Sheriff's Department estimates that it costs the City $61 per inmate per day to house inmates in the City's jails, excluding staff and facility costs. However, this amount includes both variable costs (e.g. food, clothing, laundry), which would be reduced if an inmate were housed in a non-City facility, and fixed costs (e.g. facility and staffing costs), which the City could not reduce if an inmate were housed in a non-City facility.

According to Sergeant Ridgeway, the estimated cost of operating (a) the SWAP Program is $10 per inmate per day; (b) the Home Detention Program is $15 per inmate per day; (c)

County Parole is less than $5 per inmate per day, for an average cost of approximately $10 per inmate per day. However, although this cost is $51 per inmate per day lower than the estimated $61 per inmate per day cost of housing a prisoner in one of the City's jails, the City would save less than $51 per inmate per day because, as previously noted, the cost to house inmates in a City facility includes both fixed and variable costs.

6. Sergeant Ridgeway reports that the four new Police Cadet positions and three new Deputy Sheriff positions for the expanded SWAP/County Parole Programs would be filled following the final approval of this proposed legislation, which is anticipated on January 3, 1995. Ms. Arlene Sauser of the Adult Probation Department also reports that the Senior Probation Officer and Senior Transcriber Typist would be hired following the final approval of this proposed legislation. Thus, permanent salaries and fringe benefits for these nine new positions for the Sheriff and Adult Probation should be reduced to reflect 13 pay periods (approximately January 4, 1995 through June 30, 1995), as shown in the table below:

	No. of Positions	Biweekly Salary	No. of Pay Periods	Recommended Amount
Sheriff:				
SWAP/County Parole:				
Police Cadet	4	$822	13	$42,744
Deputy Sheriff I	3	1,190	13	46,410
Subtotal	7			$89,154
Fringe Benefits				15,067
Total				$104,221
Adult Probation:				
Senior Probation Officer	1	$1,955	13	$25,415
Senior Transcriber Typist	1	1,436	13	18,668
Subtotal	2			$44,083
Fringe Benefits				9,919
Total				$54,002

7. The following analysis summarizes the projected funds needed by the Sheriff's Department for Permanent Salaries and Fringe Benefits for the New Jail Facility for FY 1994-95:

Line Item	Amount Budgeted FY 1994-95	Actual Expenditures 7/1/94 - 11/18/94	Projected Expenditures 11/19/94 - 6/30/95	Projected Shortfall
Permanent Salaries	$27,899,042	$10,313,553	$18,200,297	$614,808
Fringe Benefits	6,851,638	2,591,062	4,554,773	294,197
Total	$34,750,680	$12,904,615	$22,755,070	$909,005*

* Based on this table, the Sheriff would continue to have a shortfall of $449,005 at the New Jail Facility ($909,005 less $460,000) following the approval of this supplemental appropriation request of $460,000. According to Sergeant Ridgeway, this $449,005 shortfall will be addressed in a future supplemental appropriation request.

8. In summary, the Budget Analyst recommends the following reductions from the $832,898 supplemental appropriation request:

Line Item Category	Supplemental Request	Budget Analyst's Recommended Amount	Budget Analyst's Recommended Reductions
Sheriff:			
SWAP/County Parole			
Permanent Salaries	$97,025	$89,154	$7,871
Fringe Benefits	16,432	15,067	1,365
Electronic Monitoring Units	133,549	133,549	0
Equipment Lease	14,994	14,994	0
Subtotal	$262,000	$252,764	$9,236
New Jail Facility:			
Permanent Salaries	$342,088	$342,088	$0
Fringe Benefits	117,912	117,912	0
Subtotal	$460,000	$460,000	$0
Total - Sheriff	$722,000	$712,764	$9,236
District Attorney:			
Permanent Salaries	$40,325	$40,325	$0
Fringe Benefits	7,863	7,863	0
Total - District Attorney	$48,188	$48,188	$0
Adult Probation:			
Permanent Salaries	$51,195	$44,083	$7,112
Fringe Benefits	11,515	9,919	1,596
Total - Adult Probation	$62,710	$54,002	$8,708
TOTAL	$832,898	$814,954	$17,944

BOARD OF SUPERVISORS
BUDGET ANALYST

Recommendations: 1. Amend the proposed supplemental appropriation ordinance (File 101-94-36) by reducing the request by $17,944, from $832,898 to $814,954, as reflected in Comment No. 8 above.

2. Approval of the proposed supplemental appropriation ordinance (File 101-94-36), as amended, and of the proposed amendments to the Annual Salary Ordinance (File 102-94-6), are policy matters for the Board of Supervisors.

3. Request the Sheriff to submit another supplemental appropriation request in the amount of $51,006 ($66,000 cost to purchase less the $14,994 cost to lease for six months included in this request) in order to purchase the three vans in lieu of leasing these vans. This would result in an estimated cost savings of over 36 percent.

Item 9 - File 101-94-37

Department: San Francisco Unified School District

Item: Supplemental Appropriation Ordinance appropriating $32,161,000, of school bond proceeds and interest earnings for capital improvements to various school facilities for Fiscal Year 1994-95.

Amount: $32,161,000

Source of Funds:

Proceeds from interest revenue earned from Public School Facilities System Improvement Bonds of 1988	$2,161,000
1994 School Bond Fund monies	30,000,000
Total	$32,161,000

Description: A total of $90.0 million of Public School Facilities System Improvement Bonds were approved by the electorate in June 1988 and issuance of these bonds was previously authorized by the Board of Supervisors (File 318-87-6). In July, 1988, $35 million of these bonds were sold and proceeds were appropriated by a supplemental appropriation ordinance (File 101-88-45). In December, 1990, the Board of Supervisors authorized the sale of the remaining $55 million (File 170-90-14) and in January, 1991, the proceeds of this second sale of bonds were appropriated by a second supplemental appropriation ordinance (File 101-90-39).

The purpose of the Public School Facilities System Improvement bonds of 1988 was to provide various improvements of the existing public school facilities in the City.

The proposed supplemental appropriation request would use proceeds from interest revenue totaling $2,161,000 from the investment of the 1988 Public School Facilities System Bond proceeds between the time that the original bonds were sold (July, 1988) to the time that the original bond funds were actually expended (June, 1992). The $2,161,000, which represents the balance of funds remaining in the 1988 School Facilities Improvement Fund, would be expended for capital improvements at various, elementary schools (ES), middle schools (MS), high schools (HS) and children centers (CC) as follows:

Project Description and Location	Target Start-up Date	Estimated Project Cost
Asbestos Abatement		
Raphael Well (ES)	Fall 1994	$65,000
Electric lighting/Electrical Upgrade		
Luther Burbank (MS)	Fall 1994	15,000
Heating/Ventilation Upgrade		
Raphael Well (ES)	Fall 1994	35,000
McAteer (HS)	Fall 1994	220,000
Abraham Lincoln (HS)	Spring 1995	66,000
Roof Replacement		
Presidio (MS)	Fall 1994	410,000
Everett	Fall 1994	62,000
Toilet Rehab/Plumbing Upgrade		
San Miguel (CC)	Fall 1994	14,000
Filipino Education Center (ES)	Fall 1994	17,000
Roosevelt (MS)	Spring 1995	350,000
Window Sash Replacement		
Burnett (CC)	Fall 1994	67,000
New Construction		
Sheridan (ES)	Fall 1994	128,000
Handicap Access		
Raoul Wallenberg HS)	Summer 1995	30,000
Renovation		
Woodrow Wilson (HS)	Fall 1994	600,000
Site Improvements		
Claire Lilienthal (ES)	Fall 1994	15,000
William DeAvila (HS)	Fall 1994	67,000
Total		$2,161,000

The San Francisco electorate approved the 1994 School Facilities Improvement Bond measure (Proposition A) in June of 1994, totaling $95,000,000. These bond funds are designated to be used to fund capital improvements, such as asbestos abatement, roof replacement, heating/ventilation upgrades and new construction at various schools and children centers in the City.

BOARD OF SUPERVISORS
BUDGET ANALYST

The proposed supplemental appropriation request would appropriate $30,000, 000 of the $95,000,000 to be used to fund capital improvement projects at various elementary schools, middle schools, high schools and children centers, as follows:

Schools/Children Centers	Estimated Project Cost
Tenderloin (ES)	$1,665,849
George Moscone/Las Americas	875,000
Downtown (HS)	684,592
Argonne (ES)	1,575,000
School of the Arts (HS)	1,575,000
Phillip & Sala Burton (HS)	2,136,499
Rooftop (ES)	350,000
Woodrow Wilson (HS)	514,392
Balboa (HS)	2,393,103
Mission (HS)	3,505,814
Mark Twain (HS)	229,055
Gailleo (HS)	4,164,187
Horace Mann Academic (HS)	1,143,203
Roosevelt (MS)	1,397,483
Leonar R. Flynn (ES)	1,217,072
Aptos (MS)	1,378,794
West Portal (ES)	868,199
Cesar Chaves (ES)	565,371
Jean Parker (Winfield Scott)	540,608
Junipero Serra Annex (CC)	475,461
Frank McCoppin (ES)	482,765
Sherdian (ES)	493,860
Daniel Webster (ES)	412,664
George Peabody (ES)	372,098
Sarah B. Cooper (CC)	264,043
Chinese Education Center	152,963
Sunshine (HS)	113,289
Starr King (ES)	112,851
Lafayette (ES)	109,511
Laguna Golden Gate (CC)	89,906
S. F. Community/Excelsior (ES)	77,781
Claire Lilienthal (ES)	63,587
Total	$30,000,000

Attached is a detailed listing of the $30 million for capital improvements for each of the above-noted school and children center projects.

Recommendation: Approve the proposed ordinance.

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SAN FRANCISCO UNIFIED SCH L DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
1) Tenderloin (new school) ES Admin./A&E Only	* new school building	$1,665,849
	Total Estimated Cost:	$1,665,849
2) George Moscone/Las Americas ES Admin./A&E Only	* new school building	$875,000
	Total Estimated Cost:	$875,000
3) Downtown HS	* abatement-asbestos/lead	$57,049
	* handicap access (ADA)	$57,049
	* kitchen upgrade	$131,042
	* library expansion	$119,843
	* science lab upgrade	$94,866
	* toilet rehabilitation	$224,743
	Total Estimated Cost:	$684,592
4) Argonne ES Admin/A&E Only	* new school building	$1,575,000
	Total Estimated Cost:	$1,575,000
5) School Of The Arts HS Admin. & A&E Only	* major renovation	$1,575,000
	Total Estimated Cost:	$1,575,000
6) Thurgood Marshall HS	* abatement-asbestos/lead	$178,042
	* computer lab install	$198,496
	* door rehab (exterior)	$43,056
	* electrical lighting/power	$462,892
	* handicap access (ADA)	$178,042
	* renovation	$378,661
	* roof replacement	$296,456
	* toilet rehabilitation	$164,925
	* plumbing upgrade	$235,929
	Total Estimated Cost:	$2,136,499

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SAN FRANCISCO UNIFIED SCH[illegible] DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
) Rooftop ES Admin./A&E Only	* new school building	$350,000
	Total Estimated Cost:	$350,000
) Philip & Sala Burton HS	* abatement-asbestos/lead	$42,866
	* computer lab install	$105,000
	* door rehab (exterior)	$88,756
	* electrical lighting/power	$145,455
	* handicap access (ADA)	$42,866
	* site improve-general	$13,182
	* site improve-sidewalk	$25,636
	* toilet rehabilitation	$50,632
	Total Estimated Cost:	$514,392
Balboa HS	* abatement-asbestos/lead	$199,425
	* electrical lighting/power	$109,421
	* flooring upgrade	$211,386
	* handicap access (ADA)	$199,425
	* library expansion	$158,683
	* science lab upgrade	$459,893
	* site improve-fence	$100,824
	* site improve-sidewalk	$5,316
	* site improve-yard resurfacing	$469,317
	* toilet rehabilitation	$479,413
	Total Estimated Cost:	$2,393,103
) Mission HS	* abatement-asbestos/lead	$292,151
	* computer lab install	$54,193
	* flooring upgrade	$337,810
	* handicap access (ADA)	$292,151
	* painting-exterior	$225,994
	* roof replacement	$249,195
	* toilet rehabilitation	$467,928
	* plumbing upgrade	$326,393
	* window sash replacement	$1,260,000
	Total Estimated Cost:	$3,505,814
Mark Twain HS	* abatement-asbestos/lead	$19,088
	* handicap access (ADA)	$19,088

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SAN FRANCISCO UNIFIED SCH[illegible] DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
	* painting-exterior	$41,935
	* site improve-yard resurfacing	$148,944
	Total Estimated Cost:	$229,055
12) Galileo HS	* abatement-asbestos/lead	$347,016
	* flooring upgrade	$902,600
	* handicap access (ADA)	$347,016
	* renovation	$396,701
	* plumbing upgrade	$630,181
	* window sash replacement	$1,540,674
	Total Estimated Cost:	$4,164,187
13) Horace Mann Academic MS	* abatement-asbestos/lead	$95,267
	* computer lab install	$93,622
	* door rehab (exterior)	$48,404
	* door rehab (interior)	$78,138
	* electrical lighting/power	$150,282
	* handicap access (ADA)	$95,267
	* painting-exterior	$210,049
	* site improve-general	$1,200
	* site improve-yard resurfacing	$18,392
	* plumbing upgrade	$54,013
	* window sash replacement	$298,570
	Total Estimated Cost:	$1,143,203
14) Roosevelt MS	* abatement-asbestos/lead	$116,457
	* handicap access (ADA)	$116,457
	* kitchen upgrade	$101,626
	* shop upgrade/conversion	$263,516
	* site improve-yard resurfacing	$187,899
	* window sash replacement	$611,529
	Total Estimated Cost:	$1,397,483
15) Leonard R. Flynn ES/CC	* abatement-asbestos/lead	$101,423
	* computer lab install	$45,011
	* door rehab (exterior)	$24,006
	* electrical lighting/power	$379,545
	* flooring upgrade	$205,578
	* handicap access (ADA)	$101,423

0/5/94

SAN FRANCISCO UNIFIED SCH[illegible] DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
	* kitchen upgrade	$57,613
	* painting-exterior	$78,022
	* roof replacement	$174,041
	* plumbing upgrade	$50,412
	Total Estimated Cost:	$1,217,072
6) Aptos MS	* abatement-asbestos/lead	$114,900
	* door rehab (exterior)	$61,863
	* electrical lighting/power	$107,545
	* handicap access (ADA)	$114,900
	* renovation	$492,639
	* roof replacement	$363,767
	* stage improvements	$123,182
	Total Estimated Cost:	$1,378,794
7) West Portal ES	* abatement-asbestos/lead	$72,350
	* computer lab install	$46,211
	* handicap access (ADA)	$72,350
	* kitchen upgrade	$165,939
	* site improve-general	$90,771
	* site improve-yard resurfacing	$389,371
	* toilet rehabilitation	$31,207
	Total Estimated Cost:	$868,199
) Cesar Chavez ES/CC	* abatement-asbestos/lead	$47,114
	* door rehab (exterior)	$13,836
	* handicap access (ADA)	$47,114
	* kitchen upgrade	$32,408
	* library expansion	$66,015
	* painting-exterior	$99,623
	* roof replacement	$164,438
	* site improve-yard resurfacing	$82,819
	* plumbing upgrade	$12,003
	Total Estimated Cost:	$565,371
) Jean Parker (W. Scott) ES	* abatement-asbestos/lead	$45,051
	* computer lab install	$25,779
	* electrical lighting/power	$138,352
	* handicap access (ADA)	$45,051

10/5/94

SAN FRANCISCO UNIFIED SCH(_ DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
	* library expansion	$38,725
	* painting-exterior	$68,059
	* plumbing upgrade	$179,592
	Total Estimated Cost:	$540,608
20) Junipero Serra Annex CC	* abatement-asbestos/lead	$39,622
	* electrical lighting/power	$19,565
	* flooring upgrade	$7,922
	* handicap access (ADA)	$39,622
	* kitchen upgrade	$44,891
	* roof replacement	$32,168
	* site improve-fence	$19,685
	* site improve-sidewalk	$25,686
	* site improve-yard resurfacing	$70,096
	* toilet rehabilitation	$99,028
	* plumbing upgrade	$77,178
	Total Estimated Cost:	$475,461
21) Frank McCoppin ES/CC	* abatement-asbestos/lead	$40,230
	* handicap access (ADA)	$40,230
	* heating/ventilation upgrade	$402,304
	Total Estimated Cost:	$482,765
22) Sheridan ES	* abatement-asbestos/lead	$41,155
	* admin/counseling offices	$65,909
	* flooring upgrade	$82,727
	* handicap access (ADA)	$41,155
	* painting-interior	$66,909
	* roof replacement	$147,884
	* site improve-yard resurfacing	$48,120
	Total Estimated Cost:	$493,860
23) Daniel Webster ES/CC	* abatement-asbestos/lead	$34,389
	* door rehab (exterior)	$7,202
	* handicap access (ADA)	$34,389
	* renovation	$123,179
	* roof replacement	$154,836
	* site improve-general	$6,001
	* stage improvements	$40,666

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SAN FRANCISCO UNIFIED SCH(_ DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
	* plumbing upgrade	$12,003
	Total Estimated Cost:	$412,664
4) George Peabody ES	* abatement-asbestos/lead	$31,008
	* computer lab install	$44,710
	* handicap access (ADA)	$31,008
	* roof replacement	$174,041
	* site improve-fence	$36,771
	* site improve-general	$2,401
	* site improve-yard resurfacing	$18,004
	* toilet rehabilitation	$34,155
	Total Estimated Cost:	$372,098
5) Sarah B. Cooper CC	* abatement-asbestos/lead	$22,004
	* admin/counseling offices	$79,399
	* handicap access (ADA)	$22,004
	* roof replacement	$18,332
	* window sash replacement	$122,306
	Total Estimated Cost:	$264,043
) Chinese Education Center ES	* abatement-asbestos/lead	$12,747
	* handicap access (ADA)	$12,747
	* roof replacement	$127,470
	Total Estimated Cost:	$152,963
) Family Development Center CC	* abatement-asbestos/lead	$9,441
	* handicap access (ADA)	$9,441
	* site improve-yard resurfacing	$94,408
	Total Estimated Cost:	$113,289
Starr King ES	* abatement-asbestos/lead	$9,404
	* handicap access (ADA)	$9,404
	* painting-exterior	$94,043
	Total Estimated Cost:	$112,851

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SAN FRANCISCO UNIFIED SCH(. DISTRICT
1994 PROPOSITION A BOND ISSUANCE

School	Projects	Total Project Cost Estimate
29) Lafayette ES	* abatement-asbestos/lead	$9,126
	* door rehab (exterior)	$56,752
	* handicap access (ADA)	$9,126
	* kitchen upgrade	$34,508
	Total Estimated Cost:	$109,511
30) Laguna Golden Gate CC	* abatement-asbestos/lead	$7,492
	* electrical lighting/power	$22,350
	* handicap access (ADA)	$7,492
	* site improve-yard resurfacing	$52,572
	Total Estimated Cost:	$89,906
31) S.F. Community/Excelsior ES/CC	* abatement-asbestos/lead	$6,482
	* handicap access (ADA)	$6,482
	* toilet rehabilitation	$64,818
	Total Estimated Cost:	$77,781
32) Claire Lilienthal ES	* abatement-asbestos/lead	$5,299
	* handicap access (ADA)	$5,299
	* painting-interior	$52,990
	Total Estimated Cost:	$63,587

GRAND TOTAL ESTIMATED COST: $30,000,000

Item 10 - File 84-94-4

Department: Real Estate Department

Item: Resolution authorizing the acquisition of Lot 10 in Assessor's Block 4167 (700 Pennsylvania Avenue) for a Municipal Railway Maintenance Facility and adopting findings pursuant to City Planning Code Section 101.1

Description: The property proposed for purchase consists of approximately 88,473 square feet of land improved with approximately 79,000 square feet of warehouse and office space. The site is to be used for the Municipal Railway's (MUNI) Ways and Structures Maintenance Facility, which is relocating from its current site at 24th and Utah Streets. The Ways and Structures Maintenance Facility is used for vehicle storage, a machine shop, carpenter shop, custodian department, track department and office personnel. According to Mr. Wayne Gerstenberger, Acting Director for Maintenance at MUNI, the existing structures on the site will be retained and modified for MUNI's use.

The 24th and Utah property will be transferred to the San Francisco Parking Authority for construction of an 832-space parking garage serving San Francisco General Hospital. Bonds to fund the construction of this garage are being issued by the Parking Authority.

The property proposed for purchase is bordered by industrial sites, vacant land, and Caltrain property. It was the site of a garage door manufacturing and maintenance facility until 1991, and the City has held a lease with an option to purchase the property since November 1994. The current owners are Mr. Robert A. Cookson, Ms. Elizabeth M. Cookson, Mr. David E. Cookson, Ms. Margo Cookson, and Ms. Susan C. Fesus together with Ms. Katherine Skinner, as successor cotrustees for Mr. Harold W. Cookson Jr.

Amount:

Purchase price	$3,250,000
Title insurance and escrow fees	15,000
Total	$3,265,000

Source of Funds: Proposition B Sales Tax Funds, San Francisco County Transportation Authority, application pending.

Comments: 1. Funds for the purchase of this property are being requested from the San Francisco Transportation Authority.

2. The total assessed value of the property, according to Mr. Larry Ritter of the Real Estate Department, is $832,798. Based on the 1994-95 Fiscal Year tax rate of $1.163 per $100 of assessed valuation, the property taxes paid to the City on the property in 1994 were $9,685.44.

3. Mr. Ritter reports that the Real Estate Department has appraised 700 Pennsylvania Avenue and that the purchase price of $3,250,000 represents the fair market value for this property.

4. The City Planning Department has determined that the proposed acquisition of the 700 Pennsylvania St. site by the City is consistent with the Eight Priority Policies of City Planning Code Section 101.1.

5. The City Planning Commission has specified that in order for the relocation of MUNI's Ways and Structures facility to 700 Pennsylvania Avenue to conform to the Master Plan, MUNI must designate a staff ombudsman to respond to any neighborhood concerns regarding visual or operational impacts of the facility on the Potrero Hill neighborhood. Mr. Gerstenberger of MUNI states that functions such as this ombudsman are typically carried out by existing staff, and would not require MUNI to hire additional personnel.

Recommendation: Approve the proposed resolution.

Item 11 - File 79-93-2.4

Department: Mayor's Office of Community Development (MOCD)

Item: Hearing requesting release of reserved funds, Mayor's Office of Community Development, in the amount of $71,250, for environmental review services.

Amount: $71,250

Description: In approving the 1994 Community Development Block Grant (CDBG) Program, the Board of Supervisors placed funds on reserve in the amount of $71,250 for environmental review services pertaining to various CDBG projects. These funds were placed on reserve pending; a) an assessment of the need for environmental review services, b) a determination as to which tasks would be performed by the Department of City Planning (DCP) and which by a consultant, c) completion of a Proposition J certification process, and, d) a Request For Proposal process to select a consultant for these services.

MOCD advises that they have met with the Federal Department of Housing and Urban Development (HUD) and determined that the environmental review services that would be funded with this release of reserve are required under Federal regulations for the CDBG Program. MOCD has further determined that the Department of City Planning will prepare the Environmental Review Records (ERRs) for small business loans, rehabilitation of neighborhood centers, and public space improvements, and will perform review functions required under the Federal Historic Preservation Act for the CDBG Program. A consultant will prepare the ERRs for housing rehabilitation and new construction projects, as well as the air quality, noise, and hazardous materials reviews for the CDBG Program.

In November 1994, the Civil Service Commission approved a two year contract in the amount of $55,000 for environmental review services for the CDBG Program with a consultant, Alice Estill Miller. That approval was based in part on a recommendation by the U.S. Department of Housing and Urban Development that Ms. Miller was one of only two contractors in the Bay Area with both HUD and National Environmental Policy Act experience who could adequately fulfill the Federal requirements associated with the environmental review of the City's CDBG Program.

Of this proposed release of $71,250 from the 1994 CDBG Program, $50,400 would partially fund the $55,000 contract

with Ms. Miller. The balance of $4,600 ($55,000 less $50,400) required to fund MOCD's contract with Alice Estill Miller has been included in the proposed CDBG Program for 1995. The remaining $20,850 ($71,250 less $50,400) in the proposed release of reserve would fund the environmental review services conducted by DCP.

Budget: The budget for the proposed work is as follows:

Department of City Planning (estimated 300 hours)	
Planners I - III at $56-$70/hr.	$20,850
Alice Estill Miller (720 hrs @ $70/hr.)	50,400
Total	$71,250

Comments: 1. Ms. Alice Estill Miller is not a City-registered or certified MBE/WBE.

2. According to Ms. Christine Haw of MOCD, these proposed funds in the amount of $71,250, plus funding approved by the Board of Supervisors in the 1995 CDBG Program in the amount of $16,713 for DCP and $4,600 for Ms. Miller, for a total of $92,563, will provide for environmental review for all remaining 1994 CDBG projects, all 1995 CDBG projects, and possibly some 1996 CDBG projects, depending on the degree of environmental review required.

Recommendation: Approve the proposed release of reserved funds.

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 12 - File 176-94-10.1

This item is a hearing to consider the allocation of San Francisco Police Department resources and the level of uniformed officer presence at facilities being picketed during the San Francisco newspaper strike, including the costs to the City and County of San Francisco of the allocation of said resources.

The attached report, transmitted separately to the Board of Supervisors, shows that the City incurred total incremental costs, which may result in a supplemental appropriation, of $606,252 including Police Overtime expenditures of $591,393. In addition, expenditures of existing resources include $213,033 for Police Department salary expenditures and $10,940, for the City Attorney's Office, all related to the recent newspaper strike. With respect to the expenditures of existing resources, such costs would have been incurred without the newspaper strike, although the personal resources would have been devoted to other activities.

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415)554-7642

December 12, 1994

TO: Supervisor Shelley

FROM: Budget Analyst

SUBJECT: Financial Analysis of the Increased Costs to the City Resulting From the Newspaper Strike

Pursuant to your request, the Budget Analyst has reviewed information provided by City Departments concerning costs incurred as a result of the recent labor strike against the San Francisco Chronicle and the San Francisco Examiner. The vast majority of such costs were for Police Overtime wages.

This report divides newspaper strike related costs into two types: <u>incremental costs</u> for expenditures that would not have been incurred had there not been a newspaper strike and may therefore result in a need for a supplemental appropriation; and, <u>expenditures of existing resources</u> for costs related to the use of resources, primarily personnel costs, that are included in the City's annual budget. Such costs would have been incurred without the newspaper strike, although the personnel resources would have been devoted to other activities.

Incremental Costs

During the strike (from approximately November 2, 1994 through November 11) the Police Department established two fixed posts, at the Fifth and Mission newspaper offices and the Army Street printing plant, that required 24-hour, around the clock staffing by sworn personnel. Most of the sworn personnel assigned to these fixed posts were on overtime assignment. Besides the costs of personnel, the Police Department was required to provide food to officers assigned to the fixed posts by the SFPD's Memorandum of Understanding with the Police Officers Association.

Memo to Supervisor Shelley
December 12, 1994

In addition, some incremental costs were incurred by the Mayor's Office for food during the labor negotiations held in City Hall.

Summary of Incremental Costs

Police Overtime Expenditures	$ 591,393
Police Food Expenses	14,100
Mayor's Office - Food Expenses	759
Total	$ 606,252

The expenditures for Police Overtime shown above were not anticipated in the 1994-95 budget. Consequently, depending on the level of total Police Overtime spending for the remainder of the fiscal year, a supplemental appropriation may be required.

Expenditures of Existing Resources

The Police Department also assigned on-duty personnel to strike related duties. These Police Officers were diverted from other law enforcement duties to the strike. The SFPD's Office of Police Services estimates that salary expenditures for such on-duty personnel diverted to the newspaper strike amounted to $213,033.

In addition, the City Attorney's Office allotted two Deputy City Attorneys to assist the Mayor's Office in the negotiations. The two Deputy City Attorneys devoted approximately 90 hours total to the negotiations, at a cost of $10,940 (including salaries, fringe benefits and an overhead percentage for fixed costs and clerical support). The Deputy City Attorneys would have been assigned to other duties during this time if they had not been assigned to the strike negotiations.

The Mayor's Office also incurred costs for the Mayor's time and staff time during the negotiations. However, as of the writing of this report, Ms. Teresa Serata, the Mayor's Director of Finance, could not provide us with an estimate of the value of the time spent on negotiations by the Mayor and his staff.

Harvey M. Rose

cc: President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Hsieh
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

Item 13 - File 101-94-38

Department: Water Department (SFWD)
Public Utilities Commission (PUC)

Items: File 101-94-38: Supplemental appropriation ordinance for $673,000 for a Water Department (SFWD) programmatic project (the Pleasanton Land Project), rescinding $673,000 from SFWD Fixed Charges for FY 1994-95, and approving a fifth contract amendment with the Planning Collaborative in the amount of $660,000.

Amount: $673,000

Source of Funds: SFWD Operating Fund Fixed Charges

Description: The SFWD is requesting a supplemental appropriation to fund Pleasanton Land Project activities from January through June, 1995. The funds would be allocated as follows:

Staff Assistant 13, Class 1374 (Project Manager) @ six months:	$48,500
Work Order to Port for Director of Special Projects @.38 FTE for 6 months	17,500
City Attorney: 2 Land Use Attorneys @ .5 FTE each for 6 months ($82,000); 1 Real Estate Finance Attorney @ .4 FTE for 6 months ($38,700); 1 Water Attorney @ .1 FTE for 6 months ($9,300). Total - City Attorney	130,000
The Planning Collaborative & Subconsultants	477,000
Total	$673,000

A summary of the Planning Collaborative's scope of work (shown in detail in the Attachment to this report) is as follows:

Supplemental Environmental Studies	$32,500
Supplemental Engineering Studies	30,000
Supplemental Fiscal Studies	24,300
Supplemental Plan Revisions	30,000
Public Information Program	85,000
Extended Public Review Process	72,000
Extended Development Agreement Negotiations	62,500
Project Coordination and Management	85,700
Disposition Program Assistance	55,000
Total January through June 1995	$477,000

The proposed ordinance would also approve a fifth amendment to the contract with The Planning Collaborative, increasing the contract amount by $660,000, from $2,095,058 to $2,755,058. Funding for the $660,000 contract increase would be provided through a combination of release of a $183,000 reserve (See Comment No. 6) and allocation of the $477,000 from the proposed supplemental appropriation. A total of $91,465, or approximately 14 percent of the $660,000 contract amendment, would be allotted to MBE/WBE firms. The proposed Fifth Amendment to the contract with The Planning Collaborative would provide a $5 per hour increase in hourly rates for Principals, from $135 per hour to $140 per hour. Other professional hourly rates, ranging from $45 to $80 per hour, would remain the same as in the fourth amendment, subject to "normal salary and cost of living increases" after twelve months. As with the original contract and the previous amendments, the proposed Fifth Amendment would provide that compensation is "not to exceed" the $660,000 amount.

History and Status of Project:

The Pleasanton Land Project is approximately 520.7 acres of land (the Bernal property) owned by the SFWD that has been declared as surplus to the SFWD's needs. This land is located immediately adjacent to the City of Pleasanton near Interstate 680 and Bernal Avenue, in an unincorporated area of Alameda County.

In 1988 a joint committee of the PUC and the City of Pleasanton selected a contractor, The Planning Collaborative, Inc., to complete a Specific Plan for the Pleasanton property. The Specific Plan would identify the specific uses of the land and establish the zoning (allowable uses) for each subject parcel. A Concept Plan was completed in November, 1990, which conceptually identified the uses for the Pleasanton property.

After numerous delays, extensive review by a Citizen's Review Committee, composed of citizens from the City of Pleasanton, occurred from February, 1992 through March, 1993. In March, 1993, the City of San Francisco, through the PUC, together with the Pleasanton Planning Department and The Planning Collaborative, Inc. presented the Pleasanton City Council with a Preferred Plan. The Preferred Plan, which is a precursor to the Specific Plan, establishes the criteria for the Specific Plan (i.e., noise, traffic, flood control, etc.). At the March, 1993 meeting, the Pleasanton City Council did not approve the Preferred Plan, and instead referred the Preferred Plan to a new Citizens Steering Committee, charged with updating the Pleasanton General Plan, for further review. This Citizens Steering Committee has not taken further official action on the project.

Mr. Robert Vasconcellos, Project Manager, states that, because of the many years of delays and lack of commitment by the City of Pleasanton to proceed with the planning process, the PUC decided to apply to Alameda County for the property entitlements (zoning, Specific Plan and Development Agreement) that had originally been sought from the City of Pleasanton. As noted above, the Bernal property is an unincorporated area of Alameda County.

On May 5, 1994 the Alameda County Board of Supervisors approved the East County Area Plan, which includes a necessary zoning change for the site from an agricultural designation to a mixed use (commercial and residential) designation. Following approval of the East County Area Plan, the project manager made a formal application to Alameda County to request that the Alameda County Planning Department review a Draft Specific Plan and Draft Environmental Impact Report (EIR) prepared by The Planning Collaborative and subconsultants.

Mr. Vasconcellos reports that the Alameda County Planning Department expects to publish its draft Specific Plan by the end of this month (December), and a draft EIR in January. After a 45 day public EIR review period, the Alameda County Planning Commission and the Alameda County Board of Supervisors is expected to hold hearings on the draft Specific Plan and the draft EIR. According to a schedule developed by The Planning

Collaborative, the Alameda County Planning Department could publish a final EIR in May 1995, which could be followed by preparation of a development agreement and submission of the final Specific Plan, EIR and Development Agreement to the Alameda County Board of Supervisors for adoption in June, 1995.

The timetable for obtaining these approvals is subject to possible delays. Mr. Vasconcellos advises that the SFWD expects the City of Pleasanton to challenge the adequacy of the EIR, as well as to mount legal challenges to the authority of Alameda County to approve the project. Ms. Noreen Ambrose, Deputy City Attorney, states that the City of Pleasanton has recently proposed annexation of the Bernal property. However, Ms. Ambrose reports that prior to bringing such a request for annexation to the Local Area Formation Committee (LAFCO), which has authority to approve annexations, the City of Pleasanton would have to complete its own EIR on a re-zoning of the property. Therefore, Ms. Ambrose is optimistic that the SFWD may be able to negotiate a development agreement with Alameda County before such an annexation to the City of Pleasanton could occur.

Once the City has signed a Development Agreement, Mr. Vasconcellos anticipates that the City will explore three broad options relative to disposition of the property: (1) to sell the property outright; (2) to become a silent equity partner with a private developer, providing a guaranteed income stream; or (3) to stay on as an active partner with a private developer, taking more risk and a higher percentage of the profits.

A financial subconsultant to the Pleasanton Land Project has estimated that the project could generate net revenues of $319 million over a 15-year build-out period. Mr. Vasconcellos reports that the first five years of the project should generate approximately $22 million to $27 million of revenue. This five-year projection assumes total revenues of approximately $72 million, of which $45 million to $50 million would be used to complete construction on the remaining phases of the development. The proportion of these net revenues that would accrue to the PUC would depend upon the nature of the City's participation with a private developer, as described in the paragraph above.

The SFWD and the PUC have not yet negotiated an agreement with the Mayor's Office regarding how

future revenues from sale or development of the project would be allocated between the PUC and the General Fund.

Costs to Date:

The major project expense to date has been the contract with The Planning Collaborative, which has been amended four times. In general the consultant has responsibility for preparing or coordinating planning, engineering and financial analyses and reports needed to obtain project entitlements from the local jurisdictions. The consultant has also taken a major role in negotiating with the local jurisdictions. A fifth amendment is proposed as part of this ordinance. The contract history is as follows:

Original Contract (June 1, 1988):	$323,000
First Amendment (April 23, 1991):	240,000
Second Amendment (April 28, 1992):	625,058
Third Amendment (November 24, 1992):	240,000
Fourth Amendment (October 26, 1993):	667,000
Total Planning Collaborative Contract:	$2,095,058
Proposed Fifth Amendment:	660,000
Total Contract with Proposed Fifth Amendment:	$2,755,058

Other prior project costs reported by Mr. Vasconcellos include $125,000 for City Attorney services and $100,000 paid to Alameda County for development fees.

Comments:

1. As part of the June, 1994 management audit of the SFWD conducted by the Budget Analyst, the Budget Analyst found that the Pleasanton Land Project has never been staffed beyond a part-time project manager who has always had other major responsibilities besides this project. The management audit concluded that, as a result of the lack of consistent and sufficient project management, the consultant has appeared to have undue control over the project. Mr. Mullane states that the SFWD now plans to assign a full time project manager with real estate development experience to the project. Mr. Mullane states that the SFWD has made an informal offer to a candidate for this position, pending approval of funding in this proposed supplemental appropriation ordinance.

2. Examination of the original scope of work of the prime consultant, The Planning Collaborative, as provided to the Budget Analyst, showed that inadequate detail was provided to permit the Project Manager to adequately monitor contract performance on this contract or to determine whether the budget estimates for this project were realistic. Based on inquiries of the Budget Analyst, The Planning Collaborative provided the Project Manager with the assumptions that were used to formulate the budget estimates, including estimated hours, number of meetings, etc. This information should be thoroughly analyzed by the in-coming full-time project manager, with possible assistance from the Planning Department.

While the Budget Analyst believes that it would be preferable to place the entire amount of $477,000 of the proposed Fifth Amendment to the contract with the Planning Collaborative (the portion of this $673,000 request pertaining to the outside consultant) on reserve, pending an analysis of this scope of work by the incoming project manager, Mr. Vasconcellos and Ms. Ambrose advise that the imminent publication by Alameda County of the draft EIR for public comment will necessitate immediate response by The Planning Collaborative. Therefore, the Budget Analyst recommends that only the amounts necessary to avoid interruption of the project be released at this time.

Based on inquiries of the Budget Analyst, The Planning Collaborative has separated the scope of work for the proposed Fifth Amendment into an Initial Budget (totaling $237,990) and a Reserve Budget (totaling $239,190). The Budget Analyst recommends that $239,190 of the proposed supplemental appropriation be placed on reserve, in order to give the in-coming project manager an opportunity to conduct a critical reappraisal of the consultant's and the consultant's subcontractors' activities.

The Fifth Amendment to The Planning Collaborative's contract that would be approved as part of the proposed supplemental appropriation ordinance contains a statement that , "Consultant shall not commence work under this or subsequent contract modifications until the Controller of the City certifies that sufficient unencumbered balances are available in the proper fund to meet payments within the authorized contract compensation limits." Therefore, approval of the Fifth

Amendment to the contract should not limit the ability of the Board of Supervisors to reduce authorized spending at such time as the SFWD requests a release of the reserve.

3. The Budget Analyst's management audit also recommended that the General Manager of the PUC establish a Pleasanton Lands Project Advisory Committee, with members including the Chief Administrative Officer, the General Manager of the PUC, senior staff of the Controller's Office and the Planning Department, an experienced representative from one of the City agencies that does real estate development, such as the Port, and a representative from the Mayor's Office. The purpose of the advisory committee was to draw on development expertise in other areas of City government, and to make senior officials more involved in direction of the project. Mr. John Mullane, General Manager of the SFWD, reports that such a Committee has been established, but has had only one meeting, which was for introductory, informational purposes.

The management audit by the Budget Analyst recommended that this Advisory Committee provide quarterly reports to the PUC and the Board of Supervisors, and bring all major policy choices to the PUC and the Board of Supervisors. To date, the Project Manager (rather than the Steering Committee) has submitted one report to the Board of Supervisors (dated June 1, 1994), and only requests for appropriations, as opposed to project policy matters of a non-budgetary nature, have been brought to the Board of Supervisors.

The scope of work prepared by The Planning Collaborative contains funding for up to eight meetings of the Steering Committee over the next six months, at a cost of up to $16,000. The project is at an important stage, and in the professional judgment of the Budget Analyst, this level of Steering Committee involvement would be desirable. However, given the fact that only one meeting has been held in the more than five months subsequent to the SFWD having accepted the recommendation of the Budget Analyst to form a Steering Committee, the Budget Analyst questions the commitment of the SFWD to using its Steering Committee to guide the project.

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4. The proposed supplemental appropriation would also provide $17,500 in a work order to the Port for approximately .38 FTE services of the Port's Director of Special Projects, for the remainder of this fiscal year. Mr. James Lazarus, the Port's Director of Special Projects states that his work involves coordinating the various intergovernmental relations among the various agencies involved in this project. These agencies include San Francisco's Mayor's Office and the Board of Supervisors as well as representatives from Alameda County and the City of Pleasanton.

5. The scope of work for the Fifth Amendment to The Planning Collaborative's contract includes $10,000 for "San Francisco Board Presentations." Mr. Vasconcellos states that presentations to the San Francisco Board of Supervisors are anticipated in connection with the project development agreement that will have to be signed with the local jurisdiction. In the judgment of the Budget Analyst, this requested $10,000 payment to the consultant is questionable. Specifically, the contract should clarify that the cost of presentations to individual members of the Board of Supervisors will not be reimbursed by the City.

6. When the SFWD FY 1994-95 budget was approved, $200,000 of the appropriation for the Pleasanton Land Project was placed on reserve by the Budget Committee. In September, 1994 the Board of Supervisors released $17,000 of that $200,000 reserve, but continued to reserve the remaining $183,000 (File 100-94-1.4) pending submission of budget details, the selection of additional consultants, the MBE/WBE status of the consultants, and the provision of the details of any future amendment to the Planning Collaborative Inc. contract to the Board of Supervisors. The Controller advises that, due to a miscommunication, this $183,000 was released rather than continued on reserve. However, the SFWD has now submitted the information that would have been required to release the reserve. The $183,000 would be applied to the $660,000 Fifth Amendment to the Planning Collaborative contract.

Recommendations:

1. Amend the proposed ordinance to reserve $239,190 of the requested $673,000 for The Planning Collaborative consulting contract, pending a thorough analysis of the proposed scope of work of this consultant by the incoming project manager.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Amend the proposed ordinance to state that the cost of presentations to individual members of the Board of Supervisors will not be reimbursed by the City.

3. Approve the proposed supplemental appropriation ordinance, as amended

BOARD OF SUPERVISORS
BUDGET ANALYST

Work Scope and Budget Allocation
Requested Supplemental Funds,
January 1, 1995 through June 30, 1995

Scope of Work	Total Budget	Initial Budget	Reserve Budget
EXTENDED EIR AND PLAN APPROVAL BUDGET ALLOWANCES: SUPPLEMENTAL ANALYSIS & PUBLIC PROCESS SERVICES, JANUARY THROUGH JUNE			
Management Reports & Meetings	$45,000	$22,500.00	22,500.00
Supplemental Environmental Studies			
Traffic (Fair Share Calculations)	15,000	3,750.00	11,250.00
Biology (Arroyo Clearance Update)	7,500	2,500.00	5,000.00
Water Supply Studies	6,000	1,500.00	4,500.00
Other Supplemental Studies	5,000	1,250.00	3,750.00
Supplemental Engineering Studies			
Wastewater Studies Allowance	10,000	5,000.00	5,000.00
Roadway & Utilities Allowance	10,000	5,000.00	5,000.00
Castlewood Water Supply Allowance	10,000	5,000.00	5,000.00
Supplemental Fiscal Services			
Services Plan	3,500	3,500.00	$0.00
Implementation Sections	4,000	4,000.00	$0.00
Capital Improvement Plan	5,600	5,600.00	$0.00
Additional Meetings	6,200	6,200.00	$0.00
Development Scenario Analysis	5,000	5,000.00	$0.00
Supplemental Plan Revisions			
Specific Plan Document Revisions	15,000	7,500.00	7,500.00
Tentative Map Revisions	15,000	7,500.00	7,500.00
Public Information Program			
SF Board Presentations	10,000	$5,000.00	5,000.00
Project Brochure	35,000	17,500.00	17,500.00
Public Agency Outreach	20,000	10,000.00	10,000.00
Interest Group Outreach	20,000	10,000.00	10,000.00
Extended Public Review Process			
Extended Public Hearings	20,000	5,000.00	15,000.00
Public Process Management	40,000	40,000.00	0.00
Traffic Consultant Presentation	3,000	0.00	3,000.00
Developer Consultant Presentations	3,000	0.00	3,000.00
Financial Consultant Presentations	5,000	0.00	5,000.00
Other Consultant Presentations		0.00	
Extended Development Agreement Negotiations			
Negotiation Team Management Meetings	15,000	7,500.00	7,500.00
CIP Program Update	5,000	2,500.00	$2,500.00
Financial Analysis Capital Program	7,500	3,750.00	$3,750.00
Financial Analysis Services Program	7,500	3,750.00	$3,750.00
Planning Analysis Development Program	7,500	3,750.00	$3,750.00
Negotiation Meetings w/ County	20,000	10,000.00	$10,000.00
Project Coordination and Management			
Subconsultant Coordination	14,880	7,440.00	7,440.00
SF Steering Committee Meetings	16,000	16,000.00	
SF PUC Meetings	10,000	10,000.00	
Co-Development Program Formulation Assistance			
Financial Analysis of Partner Arrangements	$27,000	0.00	27,000.00
Planning Analysis of Partner Arrangements	$18,000	0.00	18,000.00
Negotiation Meetings	$10,000	0.00	10,000.00
SUPPLEMENTAL FUNDING SUBTOTAL	$477,180.00	$237,990.00	$239,190.00
Allocation of Funds Percentage		49.87%	50.13%

Item 14 - File 101-94-39

Department: Mayor's Office of Community Development (MOCD)

Item: Ordinance appropriating $148,445 from the Dispute Resolution Program Fund to allow the Mayor's Office of Community Development to continue contracts for services in 1994-1995.

Amount: $148,445

Source: Court fees deposited into the Dispute Resolution Program Fund

Description: The Dispute Resolution Program Fund was established by the Board of Supervisors (Ordinance No. 494-86) on December 15, 1986, for the purpose of providing alternative means for the resolution of disputes. It is part of a Statewide effort to provide a less costly alternative to litigation through arbitration and mediation. The program has been funded by a set-aside of $3.00 in court filing fees paid to the San Francisco Superior Court.

On August 24, 1994, the Board of Supervisors approved an Ordinance (Number 324-94) appropriating $84,023 from the Dispute Resolution Program Fund to pay two of the program's three contractors, the Community Boards and California Dispute Services. That appropriation was for the five-month period from May 1, 1994 through September 30, 1994, and was needed because the previous amount of court filing fees had only been sufficient to fund six months of the two contracts, from October 1, 1993 through March 31, 1994.[1]

According to an accounting of the Dispute Resolution Program Fund prepared by the MOCD on April 25, 1994, the Dispute Resolution Program has been spending on average $20,000 per year more than the amounts the Fund has received annually from filing fees.

The proposed supplemental appropriation would continue the two contracts, in addition to a third, the California Lawyers for the Arts, for the eight-month period from November 1, 1994 through June 30, 1995 (the full fiscal year funding is from October 1 though September 30). The California Lawyers for the Arts program did not receive funding from

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[1] The two contractors did not receive funding for April, 1994, due to insufficient funds in the Dispute Resolution Filing Fees Fund. Similarly, the three contractors will not receive funding for the month of October, 1994.

the last supplemental request because it had previously received a full year's allocation of $10,000 from the Dispute Resolution Fund.

The three contractors providing the dispute resolution services have submitted the following budgets:

1) California Community Dispute Services	
Salaries/Fringe	$57,961
Supplies	464
Total	$58,425
580 cases at approximately $100 per case.	
2) Community Boards	
Salaries/Fringe	$68,515
699 cases at approximately $98 per case.	
3) California Lawyers of the Arts	
Salaries/Fringe	$6,660
67 cases at approximately $100 per case.	
4) MOCD Administration	
Ten percent of total program costs*	$14,845
* Based on: 5% of a 2706 Manager, 20% of a 1740 Coordinator, and 12% of a 1506 Accountant	
TOTAL	$148,445

Comments:

1. According to Ms. Marta Villazón, Senior Grants Coordinator for the MOCD, the three dispute resolution programs have been unable to locate sufficient outside funding for the remainder of the FY 1994-95 (November 1, 1994 through June 30, 1995), and have thus requested additional funding from the Dispute Resolution Program Fund. Ms. Villazón states that no additional funds to continue the three contracts have been identified for the period following June 30, 1995, and that although a small amount of funds will have accumulated from filing fees by that time, it will be insufficient to continue the three contracts at their current level.

2. Ms. Villazón states that the three contractors have incurred expenditures against the proposed supplemental appropriation request for the period November 1, 1994 to the present. As such, the proposed ordinance should be amended to provide for retroactivity for actions previously taken.

3. Ms. Villazón states that each of the three contractors in the Dispute Resolution Program receives funding from other sources outside the Dispute Resolution Program Fund. However, Ms. Villazón advises that if the Dispute Resolution Program Fund is not replenished and if the three contractors do not succeed in locating additional financial support, the dispute resolution services provided by the contractors will have to be reduced.

Recommendations: 1. Amend the proposed ordinance to provide for retroactive actions previously taken.

2. Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 15 - File 101-94-40

Department: Fire Department

Item: Supplemental appropriation ordinance appropriating $10,000,000 from 1992 Fire Protection Bond proceeds for capital improvements to various fire stations and for the 911 Emergency Command Dispatch Center.

Amount: $10,000,000

Source of Funds: 1992 Fire Protection Bond Proceeds

Description: In November of 1992, the voters of the City and County of San Francisco approved the Proposition "C" Fire Protection Bond Issue. A total of $40,800,000 in General Obligation bonds were approved to finance: improvement costs related to various Fire Department facilities, design costs for the new 911 Emergency Command Dispatch Center, and construction costs for the San Francisco Fire Department's combined new Headquarters/Pump Station 1 projects.

On October 4, 1994, $10,105,000 in Proposition "C" Fire Protection General Obligation Bonds were sold by the City. These bonds were sold for the purpose of providing financing costs for seismic strengthening, disabled access, separate restroom and changing facilities for male and female firefighters, asbestos mitigation and abatement and other improvements including upgrading electrical and heating, ventilation and air conditioning systems, and roof repairs and replacements in 32 Fire Department facilities and the architectural and engineering services for the new 911 Emergency Command Dispatch Center. The amount of bonds sold included an estimated $10,050,000 in project costs and $53,000 in issuance costs related to the sale of these bonds. This proposed supplemental appropriation request for $10,000,000 from the bond proceeds would fund costs associated with programming, planning, architectural and engineering services, asbestos surveys and construction. The amount of the proposed supplemental appropriation is based on project cost details for funding 17 of the 32 Fire Department Improvement Bond projects, and the architectural and engineering services for the new 911 Dispatch Center. The cost estimates were provided by the Department of Public Works (DPW) Bureau of Architecture.

According to Assistant Fire Chief James Lynch, the project budget, as submitted by the DPW Bureau of Architecture, should be reduced by $600,000 because the Fire Commission has not taken final approval actions pertaining to this $600,000 request related to the planning and design work for the new 911 Dispatch Center. The estimated funding of $600,000, which will be needed for the new 911 Dispatch Center, includes planning, programming, and architectural and engineering services. Chief Lynch advises that the Fire Commission is scheduled to take final actions to approve the $600,000 request, related to new 911 Dispatch Center, in late December. The funds for such planning, programming, and architectural and engineering services for the 911 Dispatch Center will be requested under a separate, forthcoming supplemental appropriation ordinance, according to Chief Lynch.

Comments:

1. According to Mr. Peter Wong of the DPW Bureau of Architecture, estimates for the Fire Department facilities improvements are as follows:

Location	Amount
Station # 14	$ 675,000
Station # 18	1,012,000
New Headquarters/Pump Station 1	2,270,000
Station # 19	434,000
Station # 23	811,882
Station # 34	452,500
Station # 41	1,465,400
Central Fire Alarm Station (CFAS)	100,000
New 911 Dispatch Center (1)	600,000
Bureau of Equipment	947,500
Bureau of Training	200,000
Station # 3	294,500
Station #12	150,000
Station # 13	152,200
Station # 20	140,700
Station # 28	130,918
Station # 32	118,500
Station # 42	94,900
Total	**$10,050,000**

The costs above include programming and planning, architectural and engineering, and permit fees ($4,388,918), asbestos survey ($188,200) and construction ($5,472,882) costs for these 18 projects. The Attachment provided by the Fire Department allocates these costs by category for each

project. According to Mr. Wong and Chief Lynch, all programming/planning and architectural/engineering, and asbestos survey work will be performed on an inhouse basis by DPW. Chief Lynch has also indicated that the DPW Bureau of Building Repair will be responsible for construction work required for the Bureau of Equipment project. The in-house work would be performed by existing positions with funding to be workordered from the Fire Department Improvement Bonds to pay for these positions.

2. Mr. Wong advises that it is anticipated that construction bids for these projects will be received beginning in late January of 1995. With the exception of the construction funds associated with the Bureau of Equipment project, which would be done by DPW on an inhouse basis, the construction funds requested in this proposed supplemental appropriation ordinance should be placed on reserve, pending the selection of contractors for specific projects, and the submission to the Budget Committee of the MBE/WBE status of the contractors and the contract cost details.

3. Construction costs of $5,472,882, as noted above, and as shown in the Attachment provided by the Fire Department, include $842,000 for construction at the Bureau of Equipment. Since the construction activities associated with the Bureau of Equipment will be performed inhouse by the DPW Bureau of Building Repair, $4,630,882 ($5,472,882 less $842,000) should be placed on reserve pending the actions noted in Comment Number 2 above.

4. As previously noted, the project budget reflects $600,000 in costs associated with the planning and design of the new 911 Emergency Command Dispatch Center. When final actions are taken by the Fire Commission regarding the approval of such Center, the Fire Department plans to request funding in a separate supplemental appropriation, Therefore, that $600,000 amount should be reduced from the current request.

Recommendations: 1. In accordance with Comment Number 4 above, reduce the proposed supplemental appropriation request by $600,000 from $10,000,000 to $9,400,000 to delete the $600,000 related to the new 911 Dispatch Center.

2. Reserve $4,630,882 in construction costs pending the selection of the contractors, award of the construction contracts for each project, and submission to the Budget Committee of the MBE/WBE status of the contractors and the contract cost details.

BOARD OF SUPERVISORS
BUDGET ANALYST

3. Approve the proposed ordinance as amended.

H.M. Rose
Harvey M. Rose

cc: Supervisor Hsieh
President Alioto
Supervisor Bierman
Supervisor Conroy
Supervisor Hallinan
Supervisor Kaufman
Supervisor Kennedy
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

	Fire Improvement Bonds		
Group A Facilities	A&E, Prog./Plan., Asbestos and Permit Fees	Construction Costs Only	Totals
Station # 14			
DPW Programming/Planning	51,000		
Architectural/Engineering Services	528,000		
Permits and Fees	46,000		
Asbestos Survey Service	50,000		
Subtotal			$675,000
Station # 18			
DPW Programming/Planning	75,000		
Architectural/Engineering Services	792,000		
Permits and Fees	70,000		
Asbestos Survey Service	75,000		
Subtotal			$1,012,000
New Headquarters/Pump Station 1			
DPW Programming/Planning	0		
Architectural/Engineering Services	0		
Construction		2,270,000	
Subtotal			$2,270,000
Station # 19			
DPW Programming/Planning	40,000		
Architectural/Engineering Services	355,800		
Permits and Fees	0		
Asbestos Survey Service	38,200		
Subtotal			$434,000
Station # 23			
DPW Programming/Planning	0		
Architectural/Engineering Services	0		
Construction		811,882	
Subtotal			$811,882
Station # 34			
DPW Programming/Planning	48,000		
Architectural/Engineering Services	404,500		
Construction	0		
Subtotal			$452,500
Station # 41			
DPW Programming/Planning	32,400		
Architectural/Engineering Services	382,000		
Construction		1,051,000	
Subtotal			$1,465,400
Central Fire Alarm Station (CFAS)			
CFAS Architectural/Engineering Services	100,000		
Construction	0		
Subtotal			$100,000
New 911 Dispatch Center			
Planning, Programming, and			

Architectural/Engineering Services	600,000		
Construction	0		
Subtotal			$600,000
Bureau of Equipment			
DPW Programming/Planning	15,000		
Architectural/Engineering Services	90,500		
Construction		842,000	
Subtotal			$947,500
Bureau of Training			
DPW Programming/Planning	26,000		
Architectural/Engineering Services	34,000		
Construction		140,000	
Subtotal			$200,000
Group B Facilities			
Station # 3			
DPW Programming/Planning	0		
Architectural/Engineering Services	38,500		
Construction		256,000	
Subtotal			$294,500
Station # 12			
DPW Programming/Planning	16,000		
Architectural/Engineering Services	32,000		
Construction		102,000	
Subtotal			$150,000
Station # 13			
DPW Programming/Planning	13,200		
Architectural/Engineering Services	139,000		
Construction	0		
Subtotal			$152,200
Station # 20			
DPW Programming/Planning	15,000		
Architectural/Engineering Services	110,700		
Asbestos Survey Service	15,000		
Construction	0		
Subtotal			$140,700
Station # 28			
DPW Programming/Planning	10,000		
Architectural/Engineering Services	110,918		
Asbestos Survey Service	10,000		
Construction	0		
Subtotal			$130,918
Station # 32			
DPW Programming/Planning	8,800		
Architectural/Engineering Services	109,700		
Asbestos Survey Service	0		
Construction	0		

Subtotal			$118,500
Station # 42			
DPW Programming/Planning	0		
Architectural/Engineering Services	94,900		
Asbestos Survey Service	0		
Construction	0		
Subtotal			$94,900
Total Improvement Costs			$10,050,000
Construction Budget including $842,000 for Bureau of Equipment		$5,472,882	

CITY AND COUNTY OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415)554-7642

December 15, 1994

TO: Joint Economic Vitality & Social Policy Committee and Budget Committee

FROM: Budget Analyst

SUBJECT: December 20, 1994 Joint Economic Vitality & Social Policy and Budget Committee Meeting

Item 1 - File 13-94-29.1

Note: This item was rereferred from the Board of Supervisors meeting of December 5, 1994.

Department: Mayor's Office of Housing

Item: Resolution urging the Mayor to enter into a Memorandum of Understanding with the U.S. Department of Housing and Urban Development (HUD) for the replacement of Geneva Towers and urging HUD to abide by the City's just cause eviction law and respect the rights of Geneva Towers tenants.

Description: The draft Memorandum of Understanding (MOU) between the Mayor's Office and the U.S. Department of Housing and Urban Development (HUD) contains broad policy statements intended to encourage HUD and the City to coordinate its efforts to improve the housing and economic conditions of the Visitacion Valley neighborhood, located in the south-eastern section of San Francisco. According to Mr. Ted Dienstfrey, Director of the Mayor's Office of Housing, the MOU is not a legally-binding document; rather, its purpose is to set the general policy direction for both the City and HUD.

The MOU was drafted by the HUD San Francisco Regional Office as HUD was deciding on the disposition of Geneva

Towers. HUD then made a recommendation[1] to demolish Geneva Towers, a set of two 20-story high rise apartments containing a total of 576 units, 282 of which are currently occupied by low-income tenants and their families. HUD has owned the building since 1991, when it foreclosed on the property due to reported mismanagement by the previous owner. HUD drafted the MOU in order to make an offer to sell the land now occupied by Geneva Towers to the City for $1.00 and provide $46.6 million in Section 8 rental subsidies for newly-constructed housing in Visitacion Valley. In exchange for the land and the Section 8 subsidies, HUD has asked the City to agree to build new affordable housing in Visitacion Valley, assuming the demolition of Geneva Towers goes forward. Further, the MOU states that the City agrees to use its "best efforts" to see that a variety of job training and other social services needed in Visitacion Valley are provided in order to revitalize the neighborhood.

According to HUD's Property Disposition Report, Geneva Towers has "major structural inadequacies" and the cost to remedy these inadequacies and continue to operate the buildings would greatly exceed the threshold cost limits set in HUD regulations.[2] The HUD report also states that high-rise structures have been proved to be unworkable as housing for low-income families, and that in cases where the San Francisco Housing Authority has replaced high-rise housing with low-rise housing, the quality of life of the residents and the surrounding neighborhood has improved dramatically.

The MOU states as a primary objective the development of new low-rise affordable housing "consistent with the character of the neighborhood," and that the Mayor's Office of Housing will take the lead in the development of the new housing. In addition, the MOU states that the City and HUD will develop programs in education, social services, economic development, and the establishment of long-term physical improvements to stabilize the Visitacion Valley neighborhood.[3] The MOU states that the City agrees to

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1 The recommendation was made by HUD's Regional Office of Housing on July 13, 1994, and the public comment period extended from September 8 to October 11, 1994.

2 HUD regulations state that if the cost of rehabilitation of a property, including debt service and operating expenses, exceed 144% of rents that would accrue to the property (under Section 8 fair-market rents), the rehabilitation work should not proceed and the rental units should not be preserved.

3 The MOU also states that HUD will continue its financial support of the rehabilitation of the Sunnydale public housing project, located in Visitacion Valley, in cooperation with the San Francisco Housing Authority. The project will have 767 units once the rehabilitation is complete.

provide $6 million in Community Development Block Grant (CDBG) program funds "and/or other City funds" over a five-year period to fund these neighborhood services and improvements, but does not specify the source of other City funds. As of the writing of this report, no budget details for the proposed $6 million to be provided by the City are available.

The Supplement to the MOU outlines in greater detail the agreements made by both HUD and the City. According to the Supplement, HUD agrees to (1) Demolish the two Geneva Towers buildings and sell the land the buildings now occupy to the City for $1.00; (2) Provide relocation assistance to Geneva Towers residents in their search for other housing (for an estimated cost of $535,255); (3) Provide up to $19.4 million in Section 8 rent vouchers to Geneva Towers residents for their use in renting other housing for a five-year period (at an average cost to HUD of $13,425 per tenancy[4] per year); and (4) Consider requests from the City for project-based Section 8 subsidies for 20% to 50% of the residents of newly-constructed family housing (at an estimated cost to HUD of $32.4 million) and 100% of the residents of newly-constructed elderly housing (at an estimated cost to HUD of $14.2 million), for a total estimated cost to HUD of $46.6 million. These Section 8 project subsidies have been calculated to fund rent payments for 150 family units and 100 senior units over a 15-year period.

According to Mr. Keith Axtell, Regional Director of Housing for HUD, it is HUD's intention to encourage a greater mix of tenant incomes (ranging from 80% of median income to 15% of median income) in the replacement housing than currently exists at Geneva Towers, which currently contains only very-low income tenants (earning about 17% of median area income).

The MOU Supplement states that the City agrees to (1) Follow through on its commitment to make a $1.5 million conditional grant[5] from the City's housing funds, received from HUD under the HOME and CDBG programs, to a non-profit housing developer to purchase a site at 150 Britton

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4 In addition to the 282 units currently occupied at Geneva Towers, 7 units have been recently vacated by tenants or families who have received Section 8 vouchers, for a total of 289 tenants or families who have received or are qualified to receive the vouchers for five years.

5 The conditional grant is extended to the non-profit developer as a 50-year loan, to be forgiven at the end of the 50 years. The grant is conditional on the continued provision of below-market rate housing by the developer.

Street[6] (located across the street from the current Geneva Towers site); (2) Assist non-profit housing corporations to obtain properties in Visitacion Valley for 50 to 100 units of elderly housing and to construct 300 units of family housing in Visitacion Valley;[7] (3) Guarantee preferences for Geneva Towers residents for newly-constructed housing referenced in the MOU; (4) Improve police services in Visitacion Valley, including the initiation of "community policing," and (5) provide medical services, day care facilities, employment training and career counseling, and other social services in Visitacion Valley. In addition, the MOU states that the City agrees to waive future Housing Authority Payments in Lieu of Taxes (PILOT). The MOU states that agreeing to not collect these payments in the future will ensure the financial integrity of the SFHA and enable the SFHA to fulfill its obligations to provide services for the Sunnydale public housing complex. According to John Shanley, Special Assistant to the Executive Director of the SFHA, approximately $600,000 is assessed by the City under PILOT per year.

The MOU Supplement also references HUD and City plans to initiate economic revitalization of Visitacion Valley, including a proposal to train and provide employment to current neighborhood residents, and to provide contracting opportunities to local businesses, in connection with the HUD-assisted developments in Visitacion Valley. HUD specifically agrees to ensure that bid documents for HUD-assisted construction contain plans to hire 30% of the construction work-force from a pool of applicants who are residents of Visitacion Valley. As previously noted, the City agrees to provide $6 million in CDBG and other City funds, from sources as yet to be determined, to finance the economic development and social services activities referenced in the MOU.

The proposed resolution also provides that the Board of Supervisors urges HUD to abide by the City's just cause eviction law and respect the rights of Geneva Towers tenants. According to Ms. Sandy Gartzman, Senior Hearing Officer of

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6 The Mayor's Office of Housing made a predevelopment loan in February of 1994 of $75,000 to the Housing Conservation Development Corporation, a non-profit housing developer which has proposed to build affordable family housing on the site, and has set aside $1.5 million in CDBG funds for the purchase of the land, which covers approximately two acres.

7 The Mayor's Office of Housing plans to develop the affordable family housing on the Britton Street site and on the site currently occupied by Geneva Towers. The sites for elderly housing have not yet been identified.

the San Francisco Rent Board, this law provides for a 30-day notice to vacate for tenants who live in a building set to be demolished.

Comments:

1. Mr. Dienstfrey advises that the issues which should be considered regarding disposition of Geneva Towers are:

(1). The impact of the demolition of Geneva Towers on the current residents. Some residents may encounter serious relocation problems because the removal of 282 currently-occupied units from the market will result in a large number of low-income tenants who will be in the market for affordable housing. In addition, according to Mr. Dienstfrey, current Geneva Towers residents may encounter resistance from private landlords unwilling to rent to tenants with Section 8 certificates.

(2). The cost to the City of building the replacement housing. Although the City's role in funding the new housing is not addressed in the MOU, Mr. Dienstfrey states that the total cost to the City to build up to 100 units of senior housing would be $4 million and the cost to build 300 units of family housing is estimated to be $11.5 million, for a total of $15.5 million in City funds to be expended over a five to six-year period. According to Mr. Dienstfrey, the City would fund the proposed new housing using CDBG/HOME and Hotel Tax revenues (which are dedicated to senior housing). The City currently receives approximately $10 million annually in CDBG and HOME funds for housing, and approximately $3.5 million annually for senior housing from Hotel Tax revenues. Once the projects are completed and occupied, they would be eligible for the $46.6 million in rent subsidies agreed to by HUD under the MOU. Mr. Dienstfrey states that some of the elderly and family units could be ready for occupancy within two years.

(3). The ability of non-profit developers in San Francisco to complete up to 400 housing units within the estimated five to six-year time period. The MOU Supplement states that the City will contract with non-profit developers to build the new housing, and concerns have been raised regarding the capacity of these non-profit developers to produce a relatively large volume of new affordable housing units in five to six years. An average of approximately 73 new units per year would have to be completed by the participating non-profit developers to complete up to 400 units of new housing within the five to

six-year period. Mr. Dienstfrey advises that non-profit housing developers completed 468 new units of housing in San Francisco in one recent year (between October 1, 1992, and September 30, 1993).

(4). Whether the City should expend part of its annual HUD allocation for housing of approximately $10 million per year for the purpose of replacing housing that will be demolished due to a HUD decision. Mr. Dienstfrey states that HUD has not indicated it will increase its annual (CDBG/HOME housing allocation to the City as a result of the demolition of Geneva Towers; however, HUD states in the MOU it will provide Section 8 rental subsidies (totaling $46.4 million for senior and family housing) for new housing projects that intend to replace Geneva Towers. These subsidies represent additional funding for affordable housing beyond the annual $10 million funding level received by the City from HUD.

2. Mr. Dienstfrey advises that HUD has formally notified the tenants of Geneva Towers that it is HUD's intention to demolish the Geneva Towers building and that the tenants will be required to move from Geneva Towers in the near future. Mr. Dienstfrey adds that HUD is in the process of hiring a relocation consultant to assist the tenants in relocating.

Summary

In summary, the MOU states that the City agrees to (1) construct new housing in Visitacion Valley to replace housing lost due to the proposed demolition of Geneva Towers, (2) uphold its commitment to make a $1.5 million grant to a non-profit developer to develop 150 Britton Street, (3) guarantee preferences to Geneva Towers residents for the proposed new housing, (4) provide a variety of Police and social services to residents of the neighborhood, (5) promote the employment of Visitacion Valley residents, and (6) waive future PILOT payments due to the City from the SFHA. The total proposed cost to the City represented in these agreements is currently estimated to be $7.5 million, including $1.5 million for the grant for new housing on 150 Britton Street from CDBG/HOME funds, and $6 million for police and social services from CDBG and other City sources. In addition, the waiver of future PILOT funds would represent an approximate $600,000 annual loss to the City.

The MOU also states that HUD agrees to (1) sell the land currently occupied by Geneva Towers to the City for $1.00, (2) provide $19.4 million in vouchers over a five year period for the tenants who currently live in Geneva Towers, (3) provide $535,255 in relocation assistance, and (4) consider requests from the City for $46.6 million in project-based Section 8 rent subsidies over a 15-year period for new housing in Visitacion Valley.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors.

Harvey M. Rose

cc: Supervisor Kennedy
Supervisor Hsieh
Supervisor Kaufman
President Alioto
Supervisor Conroy
Supervisor Bierman
Supervisor Hallinan
Supervisor Leal
Supervisor Maher
Supervisor Migden
Supervisor Shelley
Clerk of the Board
Chief Administrative Officer
Controller
Teresa Serata
Robert Oakes
Ted Lakey

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BOARD of SUPERVISORS

City Hall
San Francisco 94102
554-5184

December 15, 1994

NOTICE IS HEREBY GIVEN that the regularly scheduled meetings of the Budget Committee for December 21 and 28, 1994 at 1:00 p.m., have been cancelled.

The next regular meeting of the Budget Committee will be held on Wednesday, January 4, 1995, at 1:00 p.m., in the Room 228, City Hall.

John L. Taylor

John L. Taylor
Clerk of the Board

BUDGET COMMITTEE
BOARD OF SUPERVISORS
ROOM 235, CITY HALL
SAN FRANCISCO, CA 94102

IMPORTANT HEARING NOTICE